

# NOMINATION OF ANNE E. RUNG

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## HEARING

BEFORE THE

COMMITTEE ON  
HOMELAND SECURITY AND  
GOVERNMENTAL AFFAIRS  
UNITED STATES SENATE  
ONE HUNDRED THIRTEENTH CONGRESS

SECOND SESSION

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NOMINATION OF ANNE E. RUNG TO BE ADMINISTRATOR  
OFFICE OF FEDERAL PROCUREMENT POLICY, OFFICE OF MANAGEMENT  
AND BUDGET

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JULY 24, 2014

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## CONTENTS

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Opening statements:	Page
Senator McCaskill .....	1
Senator Coburn .....	2
Senator Levin .....	12
Senator Ayotte .....	16
Prepared statement:	
Senator McCaskill .....	19

### WITNESSES

THURSDAY, JULY 24, 2014

Anne E. Rung, Nominee to be Administrator Office of Federal Procurement Policy, Office of Management and Budget	
Testimony .....	3
Prepared statement .....	22
Biographical and financial information .....	25
Letter from the Office of Government Ethics .....	41
Responses to pre-hearing questions .....	43
Responses to post-hearing questions .....	65
Letter of support from IT Alliance for Public Sector .....	66



**NOMINATION OF ANNE E. RUNG**  
**THURSDAY, JULY 24, 2014**

U.S. SENATE,  
COMMITTEE ON HOMELAND SECURITY  
AND GOVERNMENTAL AFFAIRS,  
*Washington, DC.*

The Committee met, pursuant to notice, at 10:33 a.m., in room SD-342, Dirksen Senate Office Building, Hon. Claire McCaskill, presiding.

Present: Senators McCaskill, Levin, Coburn, and Ayotte.

**OPENING STATEMENT OF SENATOR McCASKILL**

Senator MCCASKILL. We convene this hearing today to consider the nomination of Anne Rung to be Administrator for the Office of Federal Procurement Policy (OFPP), within the Office of Management and Budget (OMB). It has been almost 8 months since Joe Jordan, the previous OFPP Administrator, left the office, and this is not the first time that OFPP has been without an Administrator for an extended period of time. The position was vacant for 6 months from November 2011 until Joe Jordan was confirmed in May 2012, and the Administration failed to nominate someone for the first 10 months of its first term.

The absence of leadership in this office has been a source of great frustration to me as there have been several occasions when OFPP has been unable to provide a witness for my Subcommittee hearings because of these vacancies.

So it is with a sense of urgency that I welcome Ms. Rung here today. I want to thank Dr. Coburn, Senator Johnson, and Chairman Carper for moving so quickly after the White House sent Ms. Rung's nomination to the Committee.

As a former State auditor and Chairman of the Subcommittee on Financial and Contracting Oversight, I have great appreciation for the importance of OFPP, its potential to save taxpayers a lot of money with the right policies and the right leadership, and I believe that Ms. Rung is well qualified to become its Administrator.

While our Federal Government continues to grow to meet the needs of a complicated world, the total number of Federal personnel has, in fact, actually fallen. According to data collected by the Office of Personnel Management, there are fewer Federal employees now than there were in 1962. To fill the growing gap between the falling number of Federal employees and the needs of this country, the Government increasingly has relied on contractors.

Last year, the Federal Government spent approximately \$460 billion contracting for a wide range of goods and services. In many cases, the work of contractors is indistinguishable from the work

being performed by Federal employees. Contractors sit side by side with their Federal counterparts, undistinguishable other than the difference in their salaries and potentially the difference in their benefits. Yet all too often, little or no analysis is done to determine what is the most cost-effective way to meet the needs of various agencies of the Federal Government.

Most Federal agencies still do not do a cost-benefit analysis when deciding whether to hire a Federal employee or a contractor. Our contracting oversight workforce is overstretched and underfunded. The data they rely on to look at contractor past performance is difficult to use and incomplete. And the contracting process itself is cumbersome and time-consuming.

To its credit, OFPP has taken on these challenges. Most recently, the Office of Federal Procurement on July 10th issued guidance to assist contracting officers in making better use of contractor past performance information. And the Administration has set lofty goals for the continued use of strategic sourcing. However, as I have seen throughout the Federal Government, it is one thing to issue policies and set goals. It is quite another thing to see that those policies are actually implemented and that the goals are met.

In reviewing Ms. Rung's work, it is my belief she is the kind of leader who will see that these and other policies are actually implemented, not just words on a paper. Ms. Rung is currently serving as a senior adviser at OMB, and previously she served at the General Services Administration (GSA), in various positions, most recently as Associate Administrator of Governmentwide Policy.

Prior to GSA, Ms. Rung was a Senior Director of Administration at the U.S. Department of Commerce from 2010 to 2012, where she won an award for the work she did to eliminate waste and inefficiency through the agency's Cost Reduction Project. Her work resulted in reduced wireless costs, better printing management, and strategic sourcing for seven principal commodity purchases, including computers. She also created an agencywide network of strategic sourcing experts from each of Commerce's major bureaus, where her efforts yielded millions in savings of taxpayer dollars.

It gives me great confidence to know Ms. Rung has actually accomplished on a single-agency scale that which we need to accomplish across the entire Federal Government. There are still millions, if not billions, of dollars in low-hanging fruit in the form of savings we can find in our Federal contracting system, and Dr. Coburn, who is here with me today, is an expert on all of the low-hanging fruit that exists throughout the government where we can save money. But we have to have the right policies and, more importantly, we have to have strong leadership.

We can start to see some really significant savings and improvement in our Federal procurement efforts with strong leadership.

Ms. Rung, I look forward to your testimony today, and I hope that the full Senate can consider your nomination as quickly as possible. Thank you.

Dr. Coburn.

#### **OPENING STATEMENT OF SENATOR COBURN**

Senator COBURN. Thank you, Chairman McCaskill, and I thank Senator Carper for expeditiously having this hearing. I think it is

important that we allow the President the staff to meet the demands that are placed upon him. And I want to thank you for your years of service and also being willing to take this one.

I would note that the low-hanging fruit is easy. What we have not seen is leadership to do the hard stuff. And I would just note that even though Federal spending in total in terms of discretionary spending has declined, the percentage that is not competed for has not declined at all. It is still at 30 percent.

We just had this recent USIS contract out of the Department Homeland Security (DHS) to a company that the government is suing right now, but we are giving them a non-compete contract for \$192 million. It makes no sense. It does not make sense to the American people. It does not make sense to anybody that has ever done anything in the private sector.

So I welcome you. I look forward to your testimony. I also have asked my staff to arrange for a period of time for you and I to visit next week so that I can actually get a better feel and show you some things I would like for you to see that we have been working on.

As the Chairman noted, leadership is important. What you have done for Mr. Tangherlini has been great. And I have been really supportive of GSA and OMB in the last couple of years, and I hope you will bring that vigor that we are seeing at GSA and the vigor that we are seeing at OMB to a new level that will actually make a difference.

Senator McCASKILL. We welcome your testimony, Ms. Rung.

Ms. RUNG. Thank you, Chairman McCaskill, Ranking Member Coburn, and Members—

Senator McCASKILL. Oh, excuse me. It is the custom of this Committee to swear in our witnesses, so if you would stand. Do you solemnly swear that the testimony you give before this Committee today will be the truth, the whole truth, and nothing but the truth, so help you, God?

Ms. RUNG. I do.

Senator McCASKILL. Thank you. Sorry I forgot. Thank you, Dr. Coburn, for reminding me.

**TESTIMONY OF ANNE E. RUNG,<sup>1</sup> NOMINEE TO BE ADMINISTRATOR, OFFICE OF FEDERAL PROCUREMENT POLICY, OFFICE OF MANAGEMENT AND BUDGET**

Ms. RUNG. Thank you, Chairman McCaskill, Ranking Member Coburn, and Members of the Committee, for inviting me here today. I am honored to be here before you as the President's nominee to serve as the Administrator for Federal Procurement Policy, in the Office of Management and Budget.

I am touched to be surrounded by so many family and friends today. My friends include old colleagues from Pennsylvania, incredible people from GSA and the Department of Commerce, and college friends going back 30 years. I am really happy to have my family here as well, including my father, Don Rung, a retired math professor from Penn State University, and his wife, Katie, and my cousin Kristin Clay.

<sup>1</sup> The prepared statement of Ms. Rung appears in the Appendix on page 22.

I want to thank my incredible mother, Elizabeth Rung, who at 83 years old jumped on a bus last night from Tennessee, along with my brother Don, his wife Lisa, and my niece and nephew, Diana and Aden, to make the 9-hour trek to Washington, DC.

I also want to acknowledge my other brothers and sisters, Kevin, Lisa, Margaret, and Sean, who were not able to be here today, but are watching at home.

My large family, who are teachers, former military, career government, and small business owners, live their lives with integrity, a commitment to public service, and an understanding of the value of hard work. I have always tried to do the same.

I want to thank President Obama for nominating me to this position. And I want to thank the Deputy Directors of OMB, Brian Deese and Beth Cobert, for their support and encouragement. It has been an honor to work with them in my brief time at OMB.

A key pillar of the President's Management Agenda is improving government performance. I have had the privilege of dedicating the last 20 years of my life to this same goal. Whether I was serving as Deputy Secretary of Procurement in the Commonwealth of Pennsylvania's Department of General Services, leading an acquisition reform project at the U.S. Department of Commerce, or serving as the Chief Acquisition Officer (CAO) at the General Services Administration, I have had a singular focus on making the government work better for the people it serves.

Over the past 4 years, Federal agencies, working together with Congress, have realized solid improvements in Federal contracting. Contract spending is down by \$80 billion, there are now more than two dozen strategic sourcing solutions underway, and the Government Accountability Office (GAO) removed interagency contracting from its high-risk list in 2013. The Administration is proud of this progress, but more work remains to be done.

If confirmed as Administrator, I intend to work with Congress, agencies, and industry to improve Federal contracting by focusing on three main priorities.

First, if confirmed, I want to work with Federal agencies to better manage the billions of dollars spent each year on commonly purchased items. Shifting the Federal Government from managing individual purchases to managing entire categories of commonly purchased items can drive greater transparency, significantly reduce duplication, increase competition, improve oversight, and, in the end, drive savings and deliver better value. Strategic sourcing, or leveraging the government's vast buying power to get better prices and faster delivery, is one effective approach under this broader strategy of category management. In Pennsylvania, where I served as Deputy Secretary of Procurement, we aggressively and routinely undertook strategic sourcing to generate over \$140 million a year in savings, for more than \$300 million in total savings.

My second priority, should I be confirmed, will be helping to drive greater innovation in acquisitions. While I was at the General Services Administration, we recognized the importance of identifying barriers to innovation and worked to speed up the registration time for companies and make it easier for businesses to search for Federal contracting opportunities. If confirmed, I will work hand in hand with the Federal chief information officer, the Fed-



eral chief technology officer, and other key government leaders to streamline the acquisition process for agencies and industry, particularly small businesses, and break down the barriers that can keep innovation out of Federal Government procurement. In the end, the goal is to make it easier for the Federal Government to do business with companies that offer the best value to the taxpayers, drive the most innovative solutions, and meet the highest level of business and ethical standards.

Finally, the key to any acquisition success is ensuring that the Federal acquisition workforce has the support, skills, and resources they need to be successful. During my time in the Federal Government, it has been a privilege to work with, and learn from, these bright, hard-working, and dedicated professionals. At the Department of Commerce, I assembled a team of over 100 program managers and contracting officials from the bureaus to tackle the issue of how to improve our acquisition process. I saw firsthand their incredible dedication to the goal of making our acquisition system work better for the taxpayers. In many ways, they have a thankless job, rarely receiving the recognition and praise they deserve for executing the countless successful acquisitions that save valuable taxpayer money. If confirmed, I want to dedicate myself to making sure that I support these professionals, while making sure that they have the skills to meet not only today's acquisition challenges but tomorrow's as well.

Once again, I want to thank you for the opportunity to appear before you today. If confirmed, I look forward to working closely with this Committee to deliver greater value to the taxpayer.

I am pleased to answer any questions you may have.

Senator McCASKILL. Thank you very much.

I need to start with some required questions that need to go into the record. These are the standard three questions that we ask of all nominees.

Is there anything that you are aware of in your background that might present a conflict of interest with the duties of the office to which you have been nominated?

Ms. RUNG. No.

Senator McCASKILL. Do you know of any reason, personal or otherwise, that would in any way prevent you from fully and honorably discharging the responsibilities of the office to which you have been nominated?

Ms. RUNG. No.

Senator McCASKILL. Do you know of any reason, personal or otherwise, that would in any way prevent you from serving the full term for the office to which you have been nominated?

Ms. RUNG. No.

Senator McCASKILL. OK. And let me, before I ask another question, say I like an 83-year-old mother that jumps on the bus. [Laughter.]

Ms. RUNG. She will also tell you it was \$50 round trip.

Senator McCASKILL. Yes. She sounds like my mother, who had some of her roots not far from where your mother came from. And all of your family is welcome today. We are pleased that you are all here, and it is a great tribute to the nominee that she has so many friends and family that are here to support her.

Ms. RUNG. Thank you.

Senator McCASKILL. Let me start with something that has been really frustrating, and that is this policy that you have at the Office of Federal Procurement to not allow senior executives or career civil servants to testify before Congress. There are no political appointees, it is my understanding, at OFPP besides the Administrator. So when there is no confirmed Administrator in place, there is literally no one from the office that you will send that can testify at hearings. That is a huge problem for those of us who are trying to do our job under the Constitution of Congressional oversight.

Can you talk about that policy and whether or not you would make a commitment to change that policy so that—first of all, there are some hearings that we do not need the Administrator. And you have a lot of work to do. The notion that you are the only one that can testify is to me nonsensical. Can you speak to that?

Ms. RUNG. Thank you, Senator. It is my understanding that this policy is the position of the Executive Office of the President, but I am happy, if confirmed, to take your views back to my colleagues.

Senator McCASKILL. So you think the President is—this is his policy? Who is making this policy? Who above you should I talk to?

Ms. RUNG. Senator, it is my understanding that this policy is the position of the Executive Office of the President. I am not sure which individual.

Senator McCASKILL. OK. Well, we have had this problem more often with this part of what I call the “business side of the Federal Government,” and I want to get to the bottom of it and get it fixed.

In March, my Subcommittee held a hearing on the Federal contractor past performance databases. We identified a number of issues with the past performance databases: a 2-year credit, as I mentioned earlier. You issued new guidance, OFPP did, to Chief Acquisition Officers and senior procurement executives regarding better use of contractor performance information. Yet we did not get any notification of that even though we have been yelling at you guys forever about it. You did not even notify Chairman Carper’s staff. That does not help with the Congressional relationship that needs to be in place for us to have the give and take that oversight requires.

Would you look and review at your offices outreach and coordination efforts with this Committee in your new position?

Ms. RUNG. Absolutely, Senator. And if confirmed, I look forward to working closely with you and ensuring that we do have strong communications.

Senator McCASKILL. That is terrific.

Earlier this year, we had a hearing on whistleblower protection at the Department of Energy’s Hanford nuclear site. I was troubled to learn that the Department has spent millions of dollars to reimburse contractors’ litigation expenses at law firms charging thousands of dollars an hour in fighting whistleblowers at Hanford. We are basically paying to fight the very whistleblowers that are trying to save us money.

Can you speak to this? And will you commit to issuing guidance prohibiting reimbursements for legal costs associated with whistleblower retaliation claims?

Ms. RUNG. Senator, this issue is not one that I am intimately familiar with, but if confirmed, I will look into this matter.

Senator MCCASKILL. That would be terrific. And we would love to hear back from you after you are confirmed about your view on this and what you can do from your important position to make sure that our contractors understand that we do not want to fund their lawsuits as it relates to retaliation against whistleblowers.

I have been very active in wartime contracting reform, and we passed in 2013 overdue wartime contracting reforms that changed how the government does business in contingency operations. There is probably no better poster child of contractor waste than the contracting that went on particularly in Iraq during the first 5 to 6 years of that conflict.

Specifically, we are waiting on a final rule on requirements for the justification on pass-through contracts and a final rule to ensure that the Federal Awardee Performance and Integrity Information System (FAPIIS), includes information on parent, subsidiary, and successor contracts.

As you know, as somebody who is very familiar in this area, part of the problem we have here with past performance of contractors and performance awards for contractors is that when somebody behaves badly, they switch the work to a subsidiary—and it is very difficult for us to track—that is exactly the same corporate structure, they have just renamed it.

Will you make this final rule on requirements for justification of pass-through so we know who we are doing business with? And, second, the final rule for FAPIIS, which helps us track who actually is doing the work, will you give us an expected completion date on those rules once you are confirmed?

Ms. RUNG. Senator, if I am confirmed, I will look into both of those issues. And I will say that I realize there are significant challenges across the government, but in particular in the area of Department of Defense (DOD) and acquisitions. But if confirmed, I look forward to sitting down with the Department of Defense and talking to them about ways we can help support them.

Senator MCCASKILL. They are better, but we have a long way to go.

Ms. RUNG. The great news is, Senator, that there is a terrific team and terrific leadership at the Department of Defense, particularly under Frank Kendall and Dick Ginman.

Senator MCCASKILL. OK. Dr. Coburn.

Senator COBURN. Just to talk a little bit about your work at Commerce, my perception is that our biggest problem with contracting is that we really do not know what we want when we go to contract for it. And an example comes from some of the things you all did in Commerce in 2010. You had a \$346,000 contract to help you—a consultant firm to help you figure out your contracting. And there is nothing inappropriate about that. I do not have any criticism. But following that was another \$800,000, or almost \$800,000, on a non-competed, sole-source contract for a followup.

So my question to you is: One, what kind of signal does that send to everybody else? Because you obviously did not know what you wanted with the first contract or you would not have had a sole-source followup on the second one. And what kind of signal does

it send when we are trying to improve contracting, and the person that is helping us contract gets a sole-source, non-competed contract? So it goes really back to the first issue. It is big in the Defense Department because—especially on weapons systems. They are buying things they do not know exactly what they want. How do we change that culture?

Ms. RUNG. Senator, I think you touched on several important issues—one, the issue of competition. Competition is the cornerstone of the acquisitions system and process.

In the State of Pennsylvania, ensuring that we had competition was a keen area of focus for us, and, in fact, we reduced sole-source requests by 50 percent.

You also touched on the issue of ensuring that we have strong requirements and we know exactly what we need to buy. I came into the Department of Commerce in the wake of several high-profile acquisitions that had gone over budget and over schedule, and one of the areas that we focused on in our acquisition improvement project was around the area of the acquisition process before you go out to market, what they refer to as the “big A” in acquisitions.

What Commerce did, and has since developed, is an impressive new project management structure where there is an integrated team that oversees and monitors the acquisition leading up to the purchase. And they ensure that they have strong agency leadership and their eyes on each key milestone leading up to going out to the market. And they ask questions like, from the very beginning, do we even need to buy this? That is the very first question. If they do need to buy it, what is the best way to buy it? And the most important question is: What exactly do we need to buy?

And agencies struggle with that, and we found that at the Department of Commerce, and it really requires rigorous oversight and continuous monitoring and integrated project teams with their eyes on it from the very beginning of the process.

Senator COBURN. Well, to me it would not be from the beginning of the process, you need to know what you need. But more importantly is you need to know what you do not need. And we will just take, for example, purchasing of information technology (IT) in the Federal Government last year, \$84 billion; \$40 billion of it was poured down the drain. And I am sure those projects at Commerce were probably IT-related. Were they or were they not?

Ms. RUNG. Yes, several were.

Senator COBURN. Yes, and so here is the problem: We do not have people knowledgeable in the Federal Government that know how to buy IT. And Big Business—by the way, this is not just a government problem. Big Business struggles with this as well, because they have difficulty knowing what they need. The question to me is, nobody should put a contract out unless we have the knowledgeable people hired within—Federal employees, not contractors, Federal employees who know here is the deficit that we are trying to fill in terms of the hole in our management or in our needs, here are the requirements, here is what it should cost by taking a look across the—and I will give you another example. Four and a half years ago, I contested in a Back in Black report an Air Force contract. They spent another \$1 billion on that, and when they finished, finally canceling the program, they ended up

paying the contractor money. There was never a lawsuit against the contractor for non-performance, which there was non-performance. So there was no accountability in the contracting.

So I guess what I am wanting to hear from you is Federal procurement, there ought to be certain goals and standards. No. 1, if somebody is not fulfilling a contract, let us hold them accountable. And I am talking about contractors. Hold them accountable to do what they said they were going to do, and put it into the contract, and give us walk-away rights when they are not performing, not paying to get out of the contract on something that they absolutely—and part of that comes from not knowing what we want to buy. So I hope we will see a lot on that.

One of the things, strategic sourcing, which is really setting goals and measuring progress, and I know we have done some improvement at GSA on that, and I know you were intimately involved with this. Two years ago, the GAO recommended we do the same thing at the Office of Federal Procurement Policy and issue the guidance to save the money, improve the performance. It has not happened. That was 2 years ago. GAO made that recommendation. That has not happened.

Is it going to happen under your watch?

Ms. RUNG. Thank you, Dr. Coburn. Strategic sourcing will be a top priority for me, and to me it is one of the key strategies under better managing and organizing the items that we buy in common.

I will acknowledge, though, that the strategic sourcing effort has made great progress in the last several years. The creation of the Strategic Sourcing Leadership Council, comprised of the seven largest spending agencies, has given it incredible momentum and focus.

When I joined GSA, there were only three or four solutions in place. Now we have over 24 underway in various stages of implementation.

But there is a lot of opportunity out there, and it is important that we are buying smarter and saving dollars and improving services, and strategic sourcing will achieve all of those.

Senator COBURN. So where do you direct that? Right now the plan—and what we have seen at GSA is the easy stuff. But what business does with strategic sourcing that I have not seen government do yet is they go where the dollars are. They use the Willie Sutton rule. We are going to use strategic sourcing. We are going where the biggest dollars are spent.

Do you have any plans to try to implement that?

Ms. RUNG. Yes, Dr. Coburn, services is indeed the biggest area of spend, and right now the Strategic Sourcing Leadership Council has one team stood up around human resources training services. Because we spend so much money in this area, it is important that we are buying it smartly. And it is a huge area of opportunity. If confirmed, I would like to bring this under the umbrella of the Strategic Sourcing Leadership Council, and I think there are a number of ways to tackle it. It may not be using the same strategies that we use for commonly purchased commodities. For those items, it is easy to buy in bulk, and that generates significant savings and delivers greater services.

Something like a more complex professional services, there are different strategies and strategic sourcing that you can use for

that. To me, one of the greatest things you can do by bringing it under the umbrella of the Strategic Sourcing Leadership Council is giving greater transparency and visibility into what we are buying and who we are buying it from, which we have very little visibility today. And by having that kind of transparency into our complex professional services, we can create common practices. We can ensure that we have teams that have the expertise in these areas. We can drive greater competition.

To me, there are a lot of strategies you can use under strategic sourcing that may not be the same that we use for the simplified commodities, but it is a huge area of opportunity. And if confirmed, I would like to make some progress in this area.

Senator COBURN. I just have one followup, and then I will be through. I would imagine that if you would take and look at the services contract given to the Federal Government and compare both the earnings before interest, taxes, depreciation and amortization (EBITDA) and the return on invested equity of the firms that are running those businesses and then compare it to the average EBITDA and return on equity in every other corporation in America, what you are going to see is about a 2½ times rate, which means the profitability for selling those services to the Federal Government is super high, which means the potential for savings is super great if you can really get competition into it.

And so, I would just suggest you take one agency and go look at their contracting for services, and then go look at the EBITDAs on the companies and the internal rate of returns on invested assets and then compare that, and your eyes will open wide at how lucrative the services business is in terms of contracting with the Federal Government, which to me says there is plenty of room to knock those costs way down through competition or just say—do not give it to them, just say, “Not good enough yet,” and show them their profit and loss statements and their published data, because it is—if I were a young man leaving here, the first thing I would do is contracting services to the Federal Government, because it the best way to make millions of dollars.

Thank you.

Ms. RUNG. Thank you.

Senator McCASKILL. Thank you, Dr. Coburn.

And on that, I had a small businessman who came to my Missouri coffee event this morning, and he pulled me aside and said, “I just want to tell you that the work you are doing is making a difference.” He sells things to the Federal Government, and he says his profit margin has declined every year over the last 4 years because we are tightening the screws on buying stuff. But I think Dr. Coburn is right. While we have gotten better at tightening the screws on buying things, maybe other than hardware and software, we have not figured out the cost of contracting in terms of services.

And on that note, I am trying to figure out why OMB has declined to provide guidance to Federal agencies about cost-benefit analysis on services. In July 2012, we were told that you were going to issue guidance then. In followup questions in March 2014 by this Committee, I asked Beth Cobert why OMB had still not issued guidance on cost-benefit on contractors, and she said, “At this time we think the best approach is to allow agencies to gain

additional experience to evaluate what additional governmentwide guidance may be needed to support smart and fair use of cost comparisons.”

Well, that sounds like to me, “We would rather not go there, and we have decided not to go there.”

We know that there has been success at DHS. They have saved \$28 million by converting 2,600 jobs from contractors to Federal civilians. We know the Army has reduced expenditures on service contracts from \$50 billion in fiscal year (FY) 2008 to \$32 billion in fiscal year 2009. That was 5 years ago. So we have had some success in some of these agencies.

If you leave it up to these agencies, it is not going to happen, Ms. Rung. If they do not get stronger guidance from OMB about a cost—I cannot tell you how many times on this Committee we have asked, “Was there a cost-benefit analysis of contractors versus employees?” And almost never do they say yes. And they are not sure what to do, so it is easier not to do anything, and it appears you guys are not sure what guidance to give, so nobody is doing anything.

So help me with this. Can you advocate and actually—I mean, something is better than nothing. Let us not make the perfect the enemy of the good. Can we get some guidance from OMB about performance-based cost-benefit analysis on these service contracts?

Ms. RUNG. Senator, all the issues surrounding the multisector workforce are extremely important, and I do understand that OMB has made some progress in this area. My predecessor I know met with industry and other stakeholders to get their input. I know OMB has met with Department of Defense and Department of Homeland Security to better understand what they are doing in this area, and they did convene a meeting with other agencies to have them share those experiences, and OMB wants to use that experience to help inform them about what tools agencies need to do better in this area.

If I am confirmed, I am happy to come back to you to discuss this in greater detail.

Senator MCCASKILL. Well, I think it is really important. I think if you do not have additional guidance in this area, especially—there are so many agencies that, frankly, do not have the lift to figure out what cost-benefit analysis they should be doing. So I think it is really important that you provide the guidance, and I will look forward to hearing from you about that.

Let us talk about intergovernment contracting. This is in some ways—I have been shocked at times when I have figured out the intergovernment contracting, and yesterday was a good example of it. We had a hearing on National Technical Information Service (NTIS), which I assume you are familiar with since you came from Commerce, and this is a great example where we have an agency whose mission is no longer as relevant because most of the stuff they provide to the public, the public can get for free through an Internet search. And, clearly, I think the public is going to figure out that they are being taken if they are paying for it through the NTIS portal. So they have decided they are going to start selling services to Federal agencies, and they are not going by the Federal Acquisition Regulation (FAR). And they are calling it “joint part-

nerships,” but they have 101 employees. That is not a joint venture. That is a pass-through contract. Private industry is doing these contracts.

So how does this happen? And how did they get to go outside of FAR? And why in the world—I mean, there is no way it can be less expensive, and we are going to drill down now on some of their bigger contracts, because there is no way it is less expensive. I mean, these agencies are gravitating toward NTIS because they do not have to go through FAR. So talk to me about how you are going to help us shut down NTIS.

Ms. RUNG. Senator, thank you for the question. I am not familiar with the specifics of the NTIS situation, but if confirmed, I am happy to look into it further and to keep you apprised of anything that I find.

Senator McCASKILL. I mean, there are other examples. We found examples where they were—one agency is actually advertising to get other agencies to buy from them. This is going on. Are you familiar with how much this is going on, this interagency contracting, where somebody is glomming on to somebody else’s contract and they are out there actually advertising as if they are a private business charging another part of government so they can make more money, so they cannot be as dependent on appropriations?

Ms. RUNG. Senator, to me this speaks to the entire issue of trying to get greater transparency into our acquisition operations. There is a lot of activity that we do not have our eyes on. We need better data and better information to be making better decisions.

Senator McCASKILL. Yes, like I do not even know how NTIS, how this—I mean, there is nothing they do that the Government Printing Office and GSA does not do. Nothing. And so one of two things is happening. If they are getting business, they are doing it better and smarter, and we should do it the way they are doing it—if, in fact, it is cheaper. My guess is we are going to find out it is not cheaper. My guess is we are going to find out that the agencies did not care whether it was cheaper or not, and maybe like Dr. Coburn said, they did know what they wanted and it was salesmanship, because that is what happens a lot in this space: “You may not know what you need, but we know what you need, and hire us and we will show you what you need.” And that is a seductive siren call to many people in positions of leadership in government.

I have a few more, but I am thrilled that Senator Levin is here—no, go ahead—and thank you, Senator Levin, for being here, and we will give you an opportunity to ask questions.

#### **OPENING STATEMENT OF SENATOR LEVIN**

Senator LEVIN. Well, thank you very much, Madam Chairman. And that last item you raise as a matter of fact has been a subject of hearings, investigations, both on this Committee and over at the Armed Services Committee. And so if you want to learn more about the abuses of interagency contracting, there are a lot of folks here that can help you and your staff. There are a lot of folks in the Armed Services Committee that can help you on that issue. We have tried to do some things. There is an awful lot more to be done.



We have a situation where the requirements are being circumvented in order to avoid requirements for competition, for instance, and it is a big problem. So we hope you will get into that if you are confirmed. It is one of the issues that I wanted to raise.

One of the other issues has to do with the acquisition workforce. On the Armed Services Committee, we have tried to address problems in defense procurement for the last 10 years, and one of the things that we hear over and over again was the need to address shortcomings in the acquisition workforce—short-staffed, undervalued, insufficiently trained. And so what we did was we require kind of comprehensive workforce development planning, and we established the Defense Acquisition Workforce Development Fund actually to support that.

Do you see similar shortcomings in the acquisition workforce of civilian agencies? And if so, what plans do you have to address the problem?

Ms. RUNG. Thank you, Senator. When I served as Chief Acquisition Officer at GSA, I had oversight of the Federal Acquisition Institute, which is the civilian equivalent of the Defense Acquisition University. They have made great progress, but if confirmed, I look forward to making this an area of focus for me.

There are a few areas where I think we can move forward more aggressively. I would like to look, if confirmed, at new, innovative ways we can train our workforce. I would like to get industry input on the ways that they think there are smart practices out there and we can do this better.

The Federal Acquisition Institute has recently created a new, specialized Core Plus training where they take the acquisition workforce and focus their skills on just IT, IT project management. This is an area I think we can do more in. I like the idea of creating specialized areas within the acquisition workforce. You gain a real expertise in that area.

When I came to the Commonwealth of Pennsylvania, we had a very fragmented, decentralized organizational structure, and what we found was our acquisition professionals might one day be buying a vehicle and the next day be buying pens and papers and the next day a complex IT service. So we created a centralized shared services operation, borrowing from the private sector, and out of that we created specialized teams around each commodity area. And to me, we could do something at the Federal level where we really train our workforce and have them specialize in certain areas so they gain that expertise, they know the market, and they know what is available to them, and they can really ensure that we are delivering the best value in those areas.

Senator LEVIN. Let me change topics to a subject that a number of us have been involved in very heavily recently, and that is a loophole in our Tax Code which allows U.S. corporations to move their tax addresses overseas in order to avoid paying U.S. taxes. They kind of have two addresses: One is the real world where they operate, and the other one is for tax purposes. It is an alarming trend. There are many causes for it, but, nonetheless, it is a problem which we have tried to deal with actually over the last 10 years.

This Committee took action about 10 years ago to try to stop our contracts from going to inverted corporations, and under the leadership of Senators Collins, Lieberman, and Grassley—and Senator Wellstone was very much involved—we put a provision in the Homeland Security Act of 2002 which was intended to stop contracts to corporations that move their addresses for tax purposes out of the country to dodge our tax system.

We expanded that provision in 2006 by including in a larger appropriations bill, and in every year since 2008, it has been included as a governmentwide provision in annual appropriations bills. But the FAR Council, which, if confirmed, you will be the head of, published a regulation that was supposed to implement the provision, but it included a glaring loophole, and the regulation says that the contracting restriction does not apply when a continuing resolution (CR) is in effect, which is exactly the opposite of what the rules are for continuing resolutions.

So the problem is that companies which are inverted or thinking about inverting will see the language of the rule as a free pass to ignore our appropriations law and then bid for Federal contracts. And when Federal contracting officers see that the regulations have that language in it, they then conclude that the ban does not apply, for instance, to fiscal year 2011 funds.

Now, that view is not correct, but, nonetheless, it is in that regulation, according to some, and the question is whether you will update that regulation, whether you are going to look at it and correct it to reflect Congressional intent and what the rules are relative to continuing resolutions.

Ms. RUNG. Thank you, Senator. I have recently been made aware of this issue, and it is critically important that we have clear guidance in this area to our acquisition workforce and that we are fully implementing the intent of the law. So if confirmed, I look forward to keeping you apprised of our progress in that area.

Senator LEVIN. OK. Thank you.

Thank you very much, Madam Chairman.

Senator McCASKILL. Senator COBURN.

Senator COBURN. I would note for my colleague in friendly jest, the practice of medicine is about finding out what the real problem is. The real problem is that corporate tax rates in this country, corporate plus local, are twice what they are in the average of the rest of the world. Inversion is a response to fixing that.

The second point I would say kind of in jest is if we did not have CRs, we would not be having that problem. We should be doing our work. And I know he has tried to do that, so it is not a dig at you.

One final question from me. You espouse transparency here. How do we help the agencies get the data they need to know when a contractor is charging different rates for the exact same thing and the same service to different agencies? And do we need a regulation that says if you get a contract at one agency but you have four other contracts at four other agencies, we are going to pay you the lowest rate? How do we get that transparency going?

Ms. RUNG. Dr. Coburn, I really appreciate that question. When we came to the Commonwealth of Pennsylvania and we began our strategic sourcing effort, we began with data analytics, and it showed us that we had a huge variance in what we were paying.

One example, we had a State hospital paying \$23 for a case of ketchup, and we had another State prison paying \$12 for the exact same case of ketchup. That kind of price variance goes on across government.

I think there are a couple positive steps we are making in this area: The good work of this Committee to move forward on prices paid. GSA has just launched a first prices-paid portal where we have information at the transactional level and the actual prices paid for specific commodities.

If confirmed, I would like to ensure that we continue to put good data and additional information into that tool and we are using it. We have shown that when we have that kind of data, we can negotiate pricing down significantly with the vendors.

I think the strategic sourcing effort is another way we can get great data. Strategic sourcing is all about using data to make the right decisions.

So I think there are a number of tools in place to help us with this effort. The benchmarking initiative is another one where we are tracking agency performance at the bureau level across various functional areas.

So if confirmed, this will be a strong area of focus for me.

Senator COBURN. All right. Thank you.

Senator MCCASKILL. Thank you, Dr. Coburn.

On that note, not only price paid but past performance of contractors, I mentioned this in my opening statement, but I want to go back to it before we let you go.

Did you have any role in the development of FAPIIS when you were at GSA?

Ms. RUNG. I did not. That resided within the Federal Acquisition Service led by the Commissioner who reported directly to the Administrator. But certainly as Chief Acquisition Officer, I played an advisory role on acquisition issues in general.

Senator MCCASKILL. Well, you know the problems we have. I mean, it is just a mess. We have reliability and data quality issues. We have duplicate entries. We have a lack of consistency and detailed information and technical malfunctions, like not being able to use the backlink. If you are not accessing FAPIIS through Internet Explorer, the backlink does not work. I mean, stuff like that, it is no wonder that we cannot rely on it because it is frustrating to use. And when something is frustrating, I mean, I know what I adopt in my daily technology is the stuff that is easy. And this is something we are going to have to make obviously easier.

Getting this right is a huge component of your work, not only making sure everybody knows what we are paying for stuff other places, but making sure if you are about to contract with someone who has had real integrity and performance problems. And, in fact, it is the same company that had problems even though it is calling itself something different.

So if you are confirmed, I would like a commitment from you today that you would provide us with updated numbers on the percentage of past performance contractor evaluations that have been completed and, second, the annual goals for the completion of information in FAPIIS governmentwide so that we can track the progress of the use of this database.

So two things: How many of the evaluations, what percentage of them have actually been done? And, second, what is the adoptive use of FAPIIS? Is it being used across the board? You all are in a position to track that, and I think if we start setting annual goals and we start reporting on those annual goals, it will drive everyone toward the right result.

Ms. RUNG. Senator, thank you for the question, and let me just reinforce that ensuring that our contracting officers have access to timely, accurate, relevant information is critically important to making the best contracting decisions.

We have made great progress in this area. OMB has tracked the progress of agencies with past performance and FAPIIS use. When I served as Chief Acquisition Officer, past performance metrics were in my performance plan, and they were in the plan of my senior procurement executive.

As I understand, the data is currently being scrubbed and reviewed by the agencies, but I am happy to take that back to my colleagues and get back to you on that issue.

Senator McCASKILL. That is great.

Ms. RUNG. Thanks.

Senator McCASKILL. Senator Ayotte.

#### **OPENING STATEMENT OF SENATOR AYOTTE**

Senator AYOTTE. I want to thank the Chairman.

I wanted to ask you about an issue about insider threats. This is an issue that we have seen some very damaging breaches to our national security workforce safety that have come as a result of actions of contractors. And the examples that come to mind, of course, are Edward Snowden and Aaron Alexis, both of whom were working in a contract capacity.

This obviously is an important issue, just thinking about safety, security of data, all the things that those two individuals have done. So on this note, as I understand it, in February the White House actually had issued a report—I believe it was the White House or it was the Office of Procurement Policy—that said that your position will work with the Office of Federal Procurement Policy to propose a change to the Federal Acquisition Regulations to impose those applicable reporting requirements on contractors and ensure that enforcement and accountability mechanisms are in place. And this was in reaction to some of these events.

So I wanted to ask you, what thoughts do you have on Federal oversight over contractors given those incidences? How do we ensure that not only are we addressing oversight within employment within the government, but also thinking about those that we contract with?

Ms. RUNG. Yes, thank you, Senator. It is important that we have rigorous oversight of our contractors, and OMB's role is to be the agency which ensures that we are keeping our eyes on it and we are working with other agencies to track their progress. And if I am confirmed, I will commit to playing that role, both with the contracting community and our Federal employees as well.

Senator AYOTTE. Do you have any particular thoughts on that process? For example, to the extent that we are using contractors and they are in positions like someone like Edward Snowden, for

example, how we can have a more rigorous evaluation process in those instances with the contracting firms themselves? Because he is the most high profile, but we have had other examples of it.

Ms. RUNG. Senator, the issue of the multisector workforce is an important one. It is not one that I have great familiarity with. But I understand it is important, and if I am confirmed, I will look into this area.

Senator AYOTTE. And I came here a little late, but what will be your biggest priority in this position?

Ms. RUNG. Thank you. There are three main priorities for me, Senator which are:

One around better managing those things that we buy in common called “category management,” and strategic sourcing will certainly be a strategy we use under category management.

The second area of priority would be driving greater innovation in our acquisitions.

And the third area would be focusing on the workforce and ensuring that our workforce has the tools they need to meet today’s challenges as well as tomorrow’s.

Senator AYOTTE. I thank you very much for your willingness to serve in this position.

Ms. RUNG. Thank you.

Senator MCCASKILL. Well, I will call this hearing to a close before anybody else gets in under the gun. [Laughter.]

There were others that said they were going to be here, but we have been at this for an hour, and I think that is sufficient.

We have some to-do’s after you get confirmed, which I am hopeful you will quickly so that you can get to work. You have an incredibly important responsibility. People do not realize how many strong, capable, and professional people are working in the Federal Government trying to do the right thing every day. And you are someone who is experienced in the frustrations of this area of our government, that is, the accountability for how money is spent and how we buy things. And it is very important. I wish more people were interested in it, because I think the more eyes we have on this, the better all of us can do at spending taxpayer money very wisely and providing the goods and services that we should be providing as a Federal Government.

Senator AYOTTE. Before we wrap up, I would be remiss if I did not mention one thing. The Chair has been excellent in her focus on these issues, but it is also her birthday today, so happy birthday.

Senator MCCASKILL. Thank you, Kelly. Thank you very much. And we do not like to dwell on that at my age, so I will move right along.

I would like to thank you for appearing before the Committee today. The nominee has filed responses to biographical and financial questionnaires. Without objection, this information will be made part of the hearing record<sup>1</sup> with the exception of the financial data, which are on file and available for public inspection in the Committee offices.

<sup>1</sup>The biographical and financial questionnaire for Ms. Rung appears in the Appendix on page 25.

Without objection, the record will be kept open until noon tomorrow for the submission of any written questions or statements for the record. And this hearing is adjourned. Best of luck.

Ms. RUNG. Thank you, Senator.

[Whereupon, at 11:29 a.m., the Committee was adjourned.]

## A P P E N D I X

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### **Nomination of Ms. Anne E. Rung to be Administration of the Office of Federal Procurement Policy, Office of Management and Budget**

**July 24, 2014**

**Senator Claire McCaskill**

#### **Opening Statement**

We convene this hearing today to consider the nomination of Anne Rung to be the Administrator for the Office of Federal Procurement Policy, or O-F-P-P, within the Office of Management and Budget.

It has been almost 8 months since Joe Jordan, the previous OFPP Administrator left the office, and this is not the first time that OFPP has been without an Administrator for an extended period of time. The position was vacant for 6 months from November 2011 until Joe Jordan was confirmed in May, 2012, and the Administration failed to nominate someone for the first 10 months of its first term.

The absence of leadership in this office has been a source of great frustration to me, as there have been several occasions when OFPP has been unable to provide a witness for my subcommittee hearings because of these vacancies.

So it is with a sense of urgency that I welcome Ms. Rung here today. I want to thank Dr. Coburn, Senator Johnson and Chairman Carper for moving so quickly after the White House sent Ms. Rung's nomination to the Committee.

As a former state auditor, and chairman of the Subcommittee on Financial and Contracting Oversight, I have a great appreciation for the importance of OFPP. It has the

potential to save the taxpayers a lot of money with the right policies and the right leadership, and I believe that Ms. Rung is well-qualified to become its Administrator.

While our federal government continues to grow to meet the needs of a complicated world, the total number of federal personnel has actually fallen. According to data collected by the Office of Personnel Management, there are fewer federal employees now than there were in 1962. To fill the growing gap between the falling number of federal employees and needs of a growing nation, the government increasingly relies on contractors.

Last year, the federal government spent approximately \$460 billion contracting for a wide range of goods and services. In many cases the work of contractors is indistinguishable from the work being performed by federal employees, and contractors sit side-by-side with their federal counterparts. Yet all too often, little or no analysis is done to determine what is the most cost-effective way to meet these mission needs.

Most federal agencies still don't do a cost-benefit analysis when deciding whether to hire a federal employee or a contractor. Our contracting oversight workforce is overstretched and underfunded. The data they rely on to look at contractor past performance is difficult to use and incomplete, and the contracting process itself is cumbersome and time-consuming.

To its credit, OFPP has taken on these challenges. Most recently, on July 10, OFPP issued guidance to assist contracting officers in making better use of contractor past performance information. And the Administration has set lofty goals for the continued use of strategic sourcing. However, as I have seen throughout the federal government, it is one thing to issue policies and set goals, but it is quite another thing to see that those policies are actually implemented and those goals are met.



In reviewing Ms. Rung's work, it is my belief that she is the kind of leader who will see that these and other policies are actually implemented, not just words on a paper. Ms. Rung is currently serving as a senior advisor at OMB and previously, she served at the General Services Administration (GSA) in various positions, most recently as the Associate Administrator of Government-wide Policy.

Prior to GSA, Ms. Rung was the Senior Director of Administration at the U.S. Department of Commerce from 2010 to 2012, where she won an award for the work she did to eliminate waste and inefficiency through the agency's Cost Reduction Project. Her work resulted in reduced wireless costs, better printing management and strategic sourcing for seven principal commodity purchases, including computers. She also created an agency-wide network of strategic sourcing experts from each of Commerce's major bureaus, where her efforts yielded millions in savings.

It gives me great confidence to know that Ms. Rung has actually accomplished on a single-agency scale that which we hope to accomplish across the federal government. There are still millions, if not billions, of dollars, in low-hanging fruit in the form of savings that we can find in our federal contracting system, and with the right policies and strong leadership ensuring those policies get implemented, we can start to see some really significant savings and improvement in our federal procurement efforts.

Ms. Rung, I look forward to your testimony today, and I hope that the full Senate can consider your nomination as soon as possible.

**Statement of Anne Rung  
Nominee to Serve as  
Administrator for Federal Procurement Policy  
Before the Committee on Homeland Security and Governmental Affairs  
United States Senate  
July 24, 2014**

Thank you Chairman McCaskill, Ranking Member Coburn, and members of the Committee for inviting me here today. I am honored to be here before you as the President's nominee to serve as the Administrator for Federal Procurement Policy in the Office of Management and Budget (OMB).

I am touched to be surrounded by so many family and friends today. My friends include old colleagues from Pennsylvania, incredible people from GSA and the Department of Commerce, and college friends going back thirty years. I am really happy to have my family here as well, including my father, Don Rung, a retired math professor from Penn State University and his wife, Katie, and my cousin Kristin Clay. I want to thank my incredible mother, Elizabeth Rung, who at 83 years old jumped on a bus last night from Tennessee, along with my brother Don, his wife Lisa and my niece and nephew, Diana and Aden, to make the nine hour trek to Washington, DC. I also want to acknowledge my other brothers and sisters, Kevin, Lisa, Margaret and Sean, who were not able to be here today, but are watching at home.

My large family, who are teachers, former military, career government, and small business owners, live their lives with integrity, a commitment to public service, and an understanding of the value of hard work. I have always tried to do the same.

I want to thank President Obama for nominating me to this position. And I want to thank the Deputy Directors of OMB, Brian Deese and Beth Cobert, for their support and encouragement. It has been an honor to work with them in my brief time at OMB.

A key pillar of the President's Management Agenda is improving government performance. I have had the privilege of dedicating the last twenty years of my life to this same goal. Whether I was serving as Deputy Secretary of Procurement in the Commonwealth of Pennsylvania's Department of General Services, leading an acquisition reform project at the U.S. Department of Commerce, or serving as the Chief Acquisition Officer at the General Services Administration, I have had a singular focus on making the government work better for the people it serves.

Over the past four years, Federal agencies, working together with Congress, have realized solid improvements in Federal contracting. Contract spending is down by \$80 billion, there are now more than two dozen strategic sourcing solutions underway, and GAO

removed interagency contracting from its high risk list in 2013. The Administration is proud of this progress, but more work remains to be done.

If confirmed as Administrator, I intend to work with Congress, agencies, and industry to improve Federal contracting by focusing on three main priorities.

First, if confirmed, I want to work with Federal agencies to better manage the billions of dollars spent each year on commonly purchased items. Shifting the Federal Government from managing individual purchases to managing entire categories of commonly purchased items can drive greater transparency, significantly reduce duplication, increase competition, improve oversight, maximize small business participation and, in the end, drive savings and deliver better value. Strategic sourcing, or leveraging the Federal Government's vast buying power to get better prices and faster delivery, is one effective approach under this broader strategy of category management that will continue to be a priority for me if confirmed. In Pennsylvania, where I served as Deputy Secretary of Procurement, we aggressively and routinely undertook strategic sourcing to generate over \$140 million a year in savings, for more than \$300 million in total savings.

My second priority, should I be confirmed, will be helping to drive greater innovation in acquisitions. While I was at the General Services Administration, we recognized the importance of identifying barriers to innovation, and worked to speed up the registration time for companies and make it easier for businesses to search for Federal contracting opportunities. If confirmed, I will work hand-in-hand with the Federal CIO, the Federal CTO, and other key government leaders to streamline the acquisition process for agencies and industry, particularly small businesses, and break down the barriers that can keep innovation out of Federal Government procurement. In the end, the goal is to make it easier for the Federal Government to do business with companies that offer the best value to the taxpayers, drive the most innovative solutions, and meet the highest level of business and ethical standards.

Finally, the key to any acquisition success is ensuring that the Federal acquisition workforce has the support, skills, and resources they need to be successful. During my time in the Federal Government, it has been a privilege to work with, and learn from, these bright, hard-working, and dedicated professionals. At the Department of Commerce, I assembled a team of over 100 program managers and contracting officials from the Bureaus to tackle the issue of how to improve our acquisition process. I saw first-hand their incredible dedication to the goal of making our acquisition system work better for the taxpayers. In many ways, they have a thankless job, rarely receiving the recognition and praise they deserve for executing the countless successful acquisitions that save valuable taxpayer money. If confirmed, I want to dedicate myself to making sure that I support

these professionals, while making sure that they have the skills to meet not only today's acquisition challenges, but tomorrow's as well.

Once again, I want to thank you for the opportunity to appear before you today. If confirmed, I look forward to working closely with this Committee to deliver greater value to the taxpayer. I am pleased to answer any questions you may have.

**REDACTED**

**HSGAC BIOGRAPHICAL QUESTION  
EXECUTIVE NOMINEES**

**1. Basic Biographical Information**

Please provide the following information.

<i>Position to Which You Have Been Nominated</i>	
<u>Name of Position</u>	<u>Date of Nomination</u>
Administrator, Office of Federal Procurement Policy	July 14, 2014

<i>Current Legal Name</i>			
<u>First Name</u>	<u>Middle Name</u>	<u>Last Name</u>	<u>Suffix</u>
Anne	Elizabeth	Rung	

<i>Addresses</i>					
<u>Residential Address</u> (do not include street address)			<u>Office Address</u> (include street address)		
			<b>Street:</b> 1650 Pennsylvania Ave, NW		
<b>City:</b> Arlington	<b>State:</b> VA	<b>Zip:</b> 22213	<b>City:</b> Washington	<b>State:</b> DC	<b>Zip:</b> 20503

<i>Other Names Used</i>						
<u>First Name</u>	<u>Middle Name</u>	<u>Last Name</u>	<u>Suffix</u>	<u>Check if Maiden Name</u>	<u>Name Used From</u> (Month/Year) (Check box if estimate)	<u>Name Used To</u> (Month/Year) (Check box if estimate)
					Est <input type="checkbox"/>	Est <input type="checkbox"/>

<i>Birth Year and Place</i>	
Year of Birth (Do not include month and day.)	Place of Birth
1965	Bellefonte, PA

<i>Marital Status</i>					
Check All That Describe Your Current Situation:					
Never Married	Married	Separated	Annulled	Divorced	Widowed
<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

<i>Spouse's Name (current spouse only)</i>			
<u>Spouse's First Name</u>	<u>Spouse's Middle Name</u>	<u>Spouse's Last Name</u>	<u>Spouse's Suffix</u>

<i>Spouse's Other Names Used (current spouse only)</i>						
<u>First Name</u>	<u>Middle Name</u>	<u>Last Name</u>	<u>Suffix</u>	<u>Check if  Maiden Name</u>	<u>Name Used From</u> (Month/Year) (Check box if estimate)	<u>Name Used To</u> (Month/Year) (Check box if estimate)
					Est <input type="checkbox"/>	Est <input type="checkbox"/>

<i>Children's Names (if over 18)</i>			
<u>First Name</u>	<u>Middle Name</u>	<u>Last Name</u>	<u>Suffix</u>

## 2. Education

List all post-secondary schools attended.

<u>Name of School</u>	<u>Type of School</u> (vocational/technical/trade school, college/university/military college, correspondence/distance/extension/online school)	<u>Date Began School</u> (month/year) (check box if estimate)	<u>Date Ended School</u> (month/year) (check box if estimate) (check "present" box if still in school)	<u>Degree</u>	<u>Date Awarded</u>
Pennsylvania State University	University	August 1983	May 1987	Bachelor's	May 1987
London School of Economics	University	September 1987	September 1988	Master's	December 1988
University of Exeter	University	January 1986	June 1986	N/A (Junior Abroad)	N/A

## 3. Employment

(A) List all of your employment activities, including unemployment and self-employment.

If the employment activity was military duty, list separate employment activity periods to show each change of military duty station. Do not list employment before your 18th birthday unless to provide a minimum of two years of employment history.

<u>Type of Employment</u> (Active Military Duty Station, National Guard/Reserve, USPHS Commissioned Corps, Other Federal employment, State Government (Non-Federal Employment), Self-employment, Unemployment, Federal Contractor, Non-Government Employment (excluding self-employment), Other)	<u>Name of Your Employer/Assigned Duty Station</u>	<u>Most Recent Position Title/Rank</u>	<u>Location</u> (City and State only)	<u>Date Employment Began</u> (month/year) (check box if estimate)	<u>Date Employment Ended</u> (month/year) (check box if estimate) (check "present" box if still employed)
Federal Employment	Office of Management & Budget	Senior Advisor	DC	May 2014	Present
Federal Employment	General Services Administration	Chief Acquisition Officer & Associate Administrator; Chief Acquisition Officer & Senior Advisor	DC	May 2012	May 2014

<b>Type of Employment</b> (Active Military Duty Station, National Guard/Reserve, USPHS Commissioned Corps, Other Federal employment, State Government (Non- Federal Employment), Self- employment, Unemployment, Federal Contractor, Non- Government Employment (excluding self- employment), Other	<b>Name of Your Employer/ Assigned Duty Station</b>	<b>Most Recent Position Title/Rank</b>	<b>Location (City and State only)</b>	<b>Date Employment Began</b> (month/year) (check box if estimate)	<b>Date Employment Ended</b> (month/year) (check box if estimate) (check "present" box if still employed)
Federal Employment	U.S. Department of Commerce	Senior Director of Administration	DC	September 2010	May 2012
State Employment	Commonwealth of Pennsylvania	Deputy Secretary of Administration & Procurement; Deputy Secretary of Administration; Chief of Staff	Harrisburg, PA	April 2003 Est X	August 2010
Non-Government Employment	Democratic Leadership Council	Congressional Director	DC	October 1997	April 2003 Est X
Non-Government Employment	Kelly Services	Temporary Employment	DC	December 1996	October 1997
Non-Government Employment	Joe Kohn for Attorney General	Policy Director	Philadelphi a, PA	April 1996 Est X	November 1996
Federal Employment	U.S. Representative Tom Foglietta	Legislative Aide	DC	May 1995 Est X	April 1996 Est X
Non-Government Employment	Cassidy & Associates	Associate	DC	May 1992 Est X	May 1995 Est X
Federal Employment	U.S. Senate Judiciary Committee	Legislative Aide	DC	May 1989 Est X	May 1992 Est X
Non-Government Employment	Liberty House	Retail (clerk)	Honolulu, HI	October 1988 Est X	April 1989 Est X
Unemployment				August 1987 Est X	September 1988 Est X
Non-Government Employment (Part-Time)	The Coffee Grinder	Waitress	State College, PA	August 1983	August 1987



(B) List any advisory, consultative, honorary or other part-time service or positions with federal, state, or local governments, not listed elsewhere.

<u>Name of Government Entity</u>	<u>Name of Position</u>	<u>Date Service Began</u> (month/year) (check box if estimate)	<u>Date Service Ended</u> (month/year) (check box if estimate) (check "present" box if still serving)
		Est <input type="checkbox"/>	Est Present <input type="checkbox"/> <input type="checkbox"/>

#### 4. Potential Conflict of Interest

(A) Describe any business relationship, dealing or financial transaction which you have had during the last 10 years, whether for yourself, on behalf of a client, or acting as an agent, that could in any way constitute or result in a possible conflict of interest in the position to which you have been nominated.

In connection with the nomination process, I consulted with the Office of Government Ethics and the Office of Management and Budget's designated agency ethics official to identify potential conflicts of interest. Any potential conflicts of interest will be resolved in accordance with the terms of an ethics agreement that I entered into with OMB's designated agency ethics official and that has been provided to this Committee. I am not aware of any other potential conflicts of interest.

(B) Describe any activity during the past 10 years in which you have engaged for the purpose of directly or indirectly influencing the passage, defeat or modification of any legislation or affecting the administration or execution of law or public policy, other than while in a federal government capacity.

I have not engaged in any such activity.

### 5. Honors and Awards

List all scholarships, fellowships, honorary degrees, civilian service citations, military medals, academic or professional honors, honorary society memberships and any other special recognition for outstanding service or achievement.

- Federal 100 Award, Federal Computer Week, March 2012
- Bronze Medal Award, Office of Assistant Secretary for Administration/CFO, U.S. Department of Commerce, June 2012
- Gold Medal Award, Personal and Professional Excellence, U.S. Department of Commerce, 2012
- Government-wide Initiative Excellence Award, AFCEA (Armed Forces Communications and Electronics Association) Bethesda Chapter, April 2012

### 6. Memberships

List all memberships that you have held in professional, social, business, fraternal, scholarly, civic, or charitable organizations in the last 10 years. NONE

Unless relevant to your nomination, you do NOT need to include memberships in charitable organizations available to the public as a result of a tax deductible donation of \$1,000 or less, Parent-Teacher Associations or other organizations connected to schools attended by your children, athletic clubs or teams, automobile support organizations (such as AAA), discounts clubs (such as Groupon or Sam's Club), or affinity memberships/consumer clubs (such as frequent flyer memberships).

None.

<u>Name of Organization</u>	<u>Dates of Your Membership</u> (You may approximate.)	<u>Position(s) Held</u>

### 7. Political Activity

(A) Have you ever been a candidate for or been elected or appointed to a political office?

No.

(B) List any offices held in or services rendered to a political party or election committee during the last ten years that you have not listed elsewhere.

None.

(C) Itemize all individual political contributions of \$200 or more that you have made in the past five years to any individual, campaign organization, political party, political action committee, or similar entity. Please list each individual contribution and not the total amount contributed to the person or entity during the year.

None.

### 8. Publications and Speeches

(A) List the titles, publishers and dates of books, articles, reports or other published materials that you have written, including articles published on the Internet. Please provide the Committee with copies of all listed publications. In lieu of hard copies, electronic copies can be provided via e-mail or other digital format.

I did my best to identify all books, articles, reports, and other published materials including a thorough review of my personal files and searches of publicly available electronic databases. There may be other materials that I was unable to identify, find or recall. I have located the following:

<u>Title</u>	<u>Publisher</u>	<u>Date(s) of Publication</u>
Winning Solution Provides GSA with a Tool to Help Agencies Drive Cost Savings on Federal Travel	GSA Blog	May 20, 2014
GSA Wants Your Ideas for Travel Software Tool	GSA Blog	February 18, 2014
2014 Per Diem Rates for Federal Travelers Released	GSA Blog	August 30, 2013
Spotlight on Commerce Series	U.S. Department of Commerce Blog	July 12, 2011
Five New Democrats to Watch	Democratic Leadership Council	November 1, 1998

(B) List any formal speeches you have delivered during the last five years and provide the Committee with copies of those speeches relevant to the position for which you have been nominated. Include any testimony to Congress or any other legislative or administrative body. These items can be provided electronically via e-mail or other digital format.

I did my best to identify all speeches and testimony including a thorough review of my personal files, professional calendar archives, and searches of publicly available electronic databases. There may be other speeches and testimony that I was unable to identify, find or recall. I have located the following:

<u>Title/Topic</u>	<u>Place/Audience</u>	<u>Date(s) of Speech</u>
Welcome Remarks	Acquisition Excellence 2014, American Council for Technology and Industry Advisory Council (ACT-IAC) & GSA Washington, DC	March 20, 2014 (Accompanying video interview, February 28, 2014)
GSA Acquisition Priorities	GSA Subcommittee November Meeting, Tech America Arlington, Virginia	November 13, 2013
GSA's Role in the Federal Market	Fall Training Conference, Coalition for Government Procurement Washington, DC	October 30, 2013
Federal Shared Services Leaders Discussion	Shared Services Forum 2013, ACT-IAC Washington, DC	September 12, 2013
Welcome Remarks	National Small Business Week, Small Business Administration Washington, DC	June 21, 2013
Leveraging Government Requirements through Strategic Acquisitions	GSA Business Roundtable, Coalition for Government Procurement Arlington, Virginia	May 22, 2013
Cross Agency Collaboration to Leverage Buying Power	Acquisition Excellence 2013, ACT-IAC & GSA Washington, DC	March 21, 2013
Cutting Costs to Drive Efficiencies	11 <sup>th</sup> Annual Spring Conference, Association of Government Accountants, DC Chapter Washington, DC	May 15, 2012
Strategic Sourcing in the Federal Government	Training Conference, Potomac Forum Washington, DC	February 8, 2012
Doing More with Less: IT Efficiencies through Acquisition, Sourcing and Portfolio Innovations	Breakfast Series, AFCEA Bethesda Chapter Rockville, Maryland	January 18, 2012
Procurement in the State of Pennsylvania	Pittsburgh Technology Council, Buchanan, Remarks, Ingersoll and Rooney Pittsburgh, Pennsylvania	March 15, 2010

Doing Business with the Pennsylvania State Government	Teaming USA Philadelphia, Pennsylvania	April 14, 2010
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**(C) List all speeches and testimony you have delivered in the past ten years, except for those the text of which you are providing to the Committee.**

None.

### **9. Criminal History**

**Since (and including) your 18<sup>th</sup> birthday, has any of the following happened?**

- Have you been issued a summons, citation, or ticket to appear in court in a criminal proceeding against you?  
(Exclude citations involving traffic infractions where the fine was less than \$300 and did not include alcohol or drugs.) No
- Have you been arrested by any police officer, sheriff, marshal or any other type of law enforcement official?  
No
- Have you been charged, convicted, or sentenced of a crime in any court? No
- Have you been or are you currently on probation or parole? No
- Are you currently on trial or awaiting a trial on criminal charges? No
- To your knowledge, have you ever been the subject or target of a federal, state or local criminal investigation?  
No

**If the answer to any of the questions above is yes, please answer the questions below for each criminal event (citation, arrest, investigation, etc.). If the event was an investigation, where the question below asks for information about the offense, please offer information about the offense under investigation (if known).**

A) Date of offense:

a. Is this an estimate (Yes/No):

B) Description of the specific nature of the offense:

C) Did the offense involve any of the following?

- 1) Domestic violence or a crime of violence (such as battery or assault) against your child, dependent, cohabitant, spouse, former spouse, or someone with whom you share a child in common: **Yes / No**
- 2) Firearms or explosives: **Yes / No**
- 3) Alcohol or drugs: **Yes / No**

- D) Location where the offense occurred (city, county, state, zip code, country):
- E) Were you arrested, summoned, cited or did you receive a ticket to appear as a result of this offense by any police officer, sheriff, marshal or any other type of law enforcement official: **Yes / No**
- 1) Name of the law enforcement agency that arrested/cited/summoned you:
  - 2) Location of the law enforcement agency (city, county, state, zip code, country):
- F) As a result of this offense were you charged, convicted, currently awaiting trial, and/or ordered to appear in court in a criminal proceeding against you: **Yes / No**
- 1) If yes, provide the name of the court and the location of the court (city, county, state, zip code, country):
  - 2) If yes, provide all the charges brought against you for this offense, and the outcome of each charged offense (such as found guilty, found not-guilty, charge dropped or "nolle pros," etc). If you were found guilty of or pleaded guilty to a lesser offense, list separately both the original charge and the lesser offense:
  - 3) If no, provide explanation:
- G) Were you sentenced as a result of this offense: **Yes / No**
- H) Provide a description of the sentence:
- I) Were you sentenced to imprisonment for a term exceeding one year: **Yes / No**
- J) Were you incarcerated as a result of that sentence for not less than one year: **Yes / No**
- K) If the conviction resulted in imprisonment, provide the dates that you actually were incarcerated:
- L) If conviction resulted in probation or parole, provide the dates of probation or parole:
- M) Are you currently on trial, awaiting a trial, or awaiting sentencing on criminal charges for this offense: **Yes / No**
- N) Provide explanation:

### **10. Civil Litigation and Administrative or Legislative Proceedings**

(A) Since (and including) your 18th birthday, have you been a party to any public record civil court action or administrative or legislative proceeding of any kind that resulted in (1) a finding of wrongdoing against you, or (2) a settlement agreement for you, or some other person or entity, to make a payment to settle allegations against you, or for you to take, or refrain from taking, some action. Do NOT include small claims proceedings.

I have not.

(B) In addition to those listed above, have you or any business of which you were an officer, director or owner ever been involved as a party of interest in any administrative agency proceeding or civil litigation? Please identify and provide details for any proceedings or civil litigation that involve actions taken or omitted by you, or alleged to have been taken or omitted by you, while serving in your official capacity.

I have been involved in a number of suits in my official capacity as a Deputy Secretary of the Pennsylvania Department of General Services (DGS). In every case of which I am aware, with the following exception, courts found in favor of DGS and upheld the Department's actions. In *Integrated Biometric Teck v. DGS*, 22 A. 3d 303 (Comm. Ct. Penn. May 11, 2011), a case decided after I left DGS, the Commonwealth Court of Pennsylvania reviewed my decision as Deputy Secretary to reject a protest by a bidding contractor. The court reversed the decision because the bidder did not have the opportunity to address certain information relied upon in the decision-making process. The court's order was stayed until October 2011 after the parties filed a joint application seeking a stay. I do not have direct knowledge of the subsequent resolution of the case.

(C) For responses to the previous question, please identify and provide details for any proceedings or civil litigation that involve actions taken or omitted by you, or alleged to have been taken or omitted by you, while serving in your official capacity.

None.

### **11. Breach of Professional Ethics**

(A) Have you ever been disciplined or cited for a breach of ethics or unprofessional conduct by, or been the subject of a complaint to, any court, administrative agency, professional association, disciplinary committee, or other professional group? Exclude cases and proceedings already listed.

No.

**(B) Have you ever been fired from a job, quit a job after being told you would be fired, left a job by mutual agreement following charges or allegations of misconduct, left a job by mutual agreement following notice of unsatisfactory performance, or received a written warning, been officially reprimanded, suspended, or disciplined for misconduct in the workplace, such as violation of a security policy?**

No.

**12. Tax Compliance**

**(This information will not be published in the record of the hearing on your nomination, but it will be retained in the Committee's files and will be available for public inspection.)**

**REDACTED**



**REDACTED**

**13. Lobbying**

**In the past ten years, have you registered as a lobbyist? If so, please indicate the state, federal, or local bodies with which you have registered (e.g., House, Senate, California Secretary of State).**

No.

**14. Outside Positions**

X See OGE Form 278. (If, for your nomination, you have completed an OGE Form 278 Executive Branch Personnel Public Financial Disclosure Report, you may check the box here to complete this section and then proceed to the next section.)

**For the preceding ten calendar years and the current calendar year, report any positions held, whether compensated or not. Positions include but are not limited to those of an officer, director, trustee, general partner, proprietor, representative, employee, or consultant of any corporation, firm, partnership, or other business enterprise or any non-profit organization or educational institution. Exclude positions with religious, social, fraternal, or political entities and those solely of an honorary nature.**

<u>Name of Organization</u>	<u>Address of Organization</u>	<u>Type of Organization</u> (corporation, firm, partnership, other business enterprise, other non-profit organization, educational institution)	<u>Position Held</u>	<u>Position Held From</u> (month/year)	<u>Position Held To</u> (month/year)

### 15. Agreements or Arrangements

X See OGE Form 278. (If, for your nomination, you have completed an OGE Form 278 Executive Branch Personnel Public Financial Disclosure Report, you may check the box here to complete this section and then proceed to the next section.)

As of the date of filing your OGE Form 278, report your agreements or arrangements for: (1) continuing participation in an employee benefit plan (e.g. pension, 401k, deferred compensation); (2) continuation of payment by a former employer (including severance payments); (3) leaves of absence; and (4) future employment.

Provide information regarding any agreements or arrangements you have concerning (1) future employment; (2) a leave of absence during your period of Government service; (3) continuation of payments by a former employer other than the United States Government; and (4) continuing participation in an employee welfare or benefit plan maintained by a former employer other than United States Government retirement benefits.

<u>Status and Terms of Any Agreement or Arrangement</u>	<u>Parties</u>	<u>Date</u> (month/year)

**16. Additional Financial Data**

All information requested under this heading must be provided for yourself, your spouse, and your dependents. (This information will not be published in the record of the hearing on your nomination, but it will be retained in the Committee's files and will be available for public inspection.)

**REDACTED**

Source of Compensation	Brief Description of Duties

SIGNATURE AND DATE

I hereby state that I have read the foregoing Statement on Biographical and Financial Information and that the information provided therein is, to the best of my knowledge, current, accurate, and complete.

  
\_\_\_\_\_

This 16 day of July, 2014

REDACTED



United States  
Office of Government Ethics  
1201 New York Avenue, NW, Suite 500  
Washington, DC 20005-3917

JUL 17 2014

The Honorable Thomas R. Carper  
Chairman  
Committee on Homeland Security  
and Governmental Affairs  
United States Senate  
Washington, DC 20510

Dear Mr. Chairman:

In accordance with the Ethics in Government Act of 1978, I enclose a copy of the financial disclosure report filed by Anne E. Rung, who has been nominated by President Obama for the position of Administrator for Federal Procurement Policy, Office of Management and Budget.

We have reviewed the report and have obtained advice from the agency concerning any possible conflict in light of its functions and the nominee's proposed duties. Also enclosed is an ethics agreement outlining the actions that the nominee will undertake to avoid conflicts of interest. Unless a date for compliance is indicated in the ethics agreement, the nominee must fully comply within three months of confirmation with any action specified in the ethics agreement.

Based thereon, we believe that this nominee is in compliance with applicable laws and regulations governing conflicts of interest.

Sincerely,

Walter M. Shaub, Jr.  
Director

Enclosures

July 10, 2014

Jonathan E. Rackoff  
Assistant General Counsel and  
Designated Agency Ethics Official  
Office of Management and Budget  
725 17<sup>th</sup> Street, NW, Room 5001  
Washington, DC 20503

Re: Ethics Agreement

Dear Mr. Rackoff:

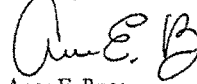
The purpose of this letter is to describe the steps that I will take to avoid any actual or apparent conflict of interest in the event that I am confirmed for the position of Administrator of Federal Procurement Policy, Office of Management and Budget.

As required by 18 U.S.C. § 208(a), I will not participate personally and substantially in any particular matter that has a direct and predictable effect on my financial interests or those of any person whose interests are imputed to me, unless I first obtain a written waiver, pursuant to 18 U.S.C. § 208(b)(1), or qualify for a regulatory exemption, pursuant to 18 U.S.C. § 208(b)(2). I understand that the interests of the following persons are imputed to me: any spouse or minor child of mine; any general partner of a partnership in which I am a limited or general partner; any organization in which I serve as officer, director, trustee, general partner or employee; and any person or organization with which I am negotiating or have an arrangement concerning prospective employment.

I understand that as an appointee I must continue to abide by the Ethics Pledge (Exec. Order No. 13490) that I previously signed and that I will be bound by the requirements and restrictions therein in addition to the commitments I have made in this and any other ethics agreement.

I have been advised that this ethics agreement will be posted publicly, consistent with 5 U.S.C. § 552, on the website of the U.S. Office of Government Ethics with other ethics agreements of Presidential nominees who file public financial disclosure reports.

Sincerely,

A handwritten signature in dark ink, appearing to read "Anne E. Rung". The signature is stylized with a large, looped "A" and a distinct "R".

Anne E. Rung

**U.S. Senate Committee on Homeland Security and Governmental Affairs  
Pre-Hearing Questionnaire for the Nomination of  
Anne E. Rung to be Administrator, Office of Federal Procurement Policy**

**I. Nomination Process and Conflicts of Interest**

1. Why do you believe the President nominated you to serve as Administrator for Federal Procurement Policy?

I have twenty years of experience in public administration and policy, including serving in three senior level procurement positions with a focus on strategic sourcing and acquisition reform. Also, I worked closely with the Office of Federal Procurement Policy on several key acquisition projects since joining the Administration.

2. Were any conditions, expressed or implied, attached to your nomination?

No.

3. What specific background and experience affirmatively qualifies you to be the Administrator for Federal Procurement Policy and to lead the Office of Federal Procurement Policy (OFPP)?

I have direct, relevant experience managing and driving acquisition improvements in the Federal Government. As the Chief Acquisition Officer at the General Services Administration (GSA), I helped to build a more effective, efficient and accountable acquisition process within GSA and government-wide. Preceding that, I led the Acquisition Improvement Project at the Department of Commerce. That experience, combined with my experience managing the Commonwealth of Pennsylvania's procurement operations with a strong focus on strategic sourcing and savings, have allowed me to gain a deep understanding of public sector procurement operations.

4. Have you made any commitments with respect to the policies and principles you will attempt to implement as Administrator? If so, what are they and to whom have the commitments been made?

No.

5. If confirmed, are there any issues from which you may have to recuse or disqualify yourself because of a conflict of interest or the appearance of a conflict of interest? If so, please explain what procedures you will use to carry out such a recusal or disqualification.

In connection with the nomination process, I consulted with the Office of Government Ethics and OMB's designated agency ethics official to identify potential conflicts of interest. I will resolve any potential conflicts of interest in accordance with the terms of an ethics agreement that I entered into with OMB's designated agency ethics official and that was provided to this Committee. I am not aware of any other potential conflicts of interest.

## **II. Role of the Administrator, Office of Federal Procurement Policy**

6. What is your view of the role of the Administrator of OFPP?

The Administrator develops and articulates the overall strategic vision for delivering better value in Federal contracting and maintaining the focus and intensity across the Federal Government on delivering measurable, proven outcomes. There are a number of ways to drive that vision and deliver strong outcomes. The Administrator should play a strong role in leading the Chief Acquisition Officers Council and the Strategic Sourcing Leadership Council, to draw on the talent, experience and leadership of the agencies. The role of Administrator is that of a key strategic partner with the Federal Chief Information Officer, the Federal Chief Technology Officer, the Controller, the Chief Performance Officer, and other management and budget leaders, to work collectively towards improving government performance. The Administrator is responsible for directing the activities of the Federal Acquisition Institute, an extremely important role given the importance of ensuring the acquisition workforce is actively trained and equipped to deliver the best value to the taxpayers. Another important role of the Administrator is coordinating small business acquisition policies with the Small Business Administration. Finally, the Administrator plays an important role in reviewing Federal acquisition regulations and helping to resolve differences among agencies in the formulation of those regulations. The Administrator should have a strong focus on ensuring our regulations are current, effective, and driving value in contracting.



7. If confirmed as OFPP Administrator, what key performance goals would you want to accomplish during your tenure, and how will this Committee know whether you have accomplished them?

If confirmed, I will work to drive performance goals around three key areas:

- **Better Managing Commonly Purchased Items:** My goals will include achieving increased savings; reducing contract duplication; increasing agency adoption rates; and making more solutions available government-wide.
- **Increasing Innovation:** My goals will include issuing guidance and other tools to the agencies to promote the use of smarter IT delivery; meeting key milestones in improving customer interface tools to make doing business easier (for example, SAM, FBOpen); and increased vendor engagement pre- and post-award.
- **Workforce Training:** My goals will include launching more innovative training for the acquisition workforce; ensuring continued improvements in workforce management tools; and increasing specialized training.

If confirmed, I would be happy to share goals and progress, and look forward to working closely with the Committee.

8. What experience have you had in managing specific procurements and in setting overarching procurement policies, and how has this experience prepared you to be OFPP Administrator?

I held leadership positions at the Commonwealth of Pennsylvania, the Department of Commerce, and the General Services Administration, where I managed procurements and set procurement policies. I used policies and guidance as one tool among many to help drive behaviors for greater transparency, savings and efficiencies. I learned that policies must work hand-in-hand with rigorous oversight, tracking and monitoring for effective implementation, and must be developed with input from internal and external stakeholders. As a manager, I was always sensitive to ensuring that I was not making specific contracting decisions or awards, but that I was actively engaged in the strategy and development of several enterprise-wide solutions and using these to inform our strategic sourcing efforts. These experiences have shown me the importance of community engagement—both from industry and from frontline acquisition professionals, and the need to develop strong implementation plans to support our policies. If confirmed, I will leverage these experiences to ensure that OFPP policies are effective and deliver the expected outcomes.

9. Both OFPP and the General Services Administration (GSA) play important roles in promoting the economy, efficiency and effectiveness of federal contracting. What should be the division of responsibilities between OFPP and GSA?

OFPP provides leadership direction and establishes priorities for Federal Government-wide procurement policies and practices, while GSA provides operational support and strong leadership for many of those priorities. For example, while serving as Chief Acquisition Officer at GSA, I worked closely with OMB on category management, strategic sourcing, industry engagement, schedule reforms, prices paid, and other areas. If confirmed, I intend to continue to collaborate with GSA on these as well as other areas.

10. Some experts in the acquisition community have suggested that OFPP should focus on the whole acquisition cycle, with a greater emphasis on pre- and post-contracting responsibilities such as requirements planning, contract management, and program accountability. In your opinion, what phases of the acquisition life cycle need more attention from OFPP?

I agree that OFPP should focus on the entire acquisition lifecycle. Effective execution of each phase—from market research and acquisition planning to contract award and contract administration—has a critical impact on results. During my tenure as Chief Acquisition Officer at GSA, I found OFPP's broad perspective in refreshing its acquisition workforce certifications to be helpful in building the capabilities of our program managers involved in requirements planning, the contracting professionals focused on procurements, and the contracting officers' representatives who help manage the contracts after award—a critical part of the acquisition process. If confirmed, I will focus on the contract management phase of the acquisition process to ensure that our contractors meet their cost, schedule, and performance requirements.

11. GAO has designated contract management as a high-risk issue in three agencies – the Department of Defense, the Department of Energy, and the National Aeronautics and Space Administration (NASA) – and has identified problems in acquisition management at numerous other agencies, including the Department of Homeland Security (DHS). (GAO-13-283) What role do you think the OFPP Administrator should play in working with these agencies in resolving the problems that led to the high-risk designation?

OMB's Deputy Director for Management Beth Cobert considers the review of agency progress on their corrective action plans for GAO high-risk areas to be a high priority. If confirmed, I will work with her to ensure that we are actively engaging the agencies in frequent review, evaluation, and oversight of the high-risk acquisition areas to move us towards marked improvement.

### **III. Policy Questions**

#### *Contract Award and Management*

12. Information technology (IT) plays a pivotal role in the efficient operation of nearly every aspect of government. Unfortunately, despite spending approximately \$80 billion annually on IT, the federal government has had many problems over the years in procuring IT.
  - a. What was your involvement at GSA on specific IT procurements and policy initiatives, including the System for Award Management, Schedule 70 and Networx contracts, and initiatives to encourage data center consolidation and adoption of cloud computing? What lessons from GSA would you take to OFPP, if confirmed, that will guide you in your efforts to get better results in IT acquisitions across the government?

As the Chief Acquisition Officer (CAO) at GSA, I helped to advise and assist the leadership on the effective management of acquisitions, including managing acquisition policy and monitoring agency acquisition activities.

Working with the GSA Administrator, I led an effort to provide agencies with better metrics and data to help them understand the value proposition of GSA's solutions, including the Multiple Award Schedules and its cloud solutions, to help them drive greater savings and efficiencies. As the CAO, I also actively engaged industry, including the American Council for Technology and Industry Advisory Council (ACT-IAC) and the Professional Services Council, to strengthen communication between GSA and industry. In addition, I worked closely with GSA's CIO, CFO and CAO to create a new senior-level review process of all upcoming IT and professional service contracts to drive greater transparency, accountability and, ultimately, savings and better value. Finally, I participated in reviews and status updates on the System for Awards Management (SAM).

If confirmed, I will work closely with the Federal CIO to improve IT acquisition across the Federal Government. I will apply lessons learned about the importance of active agency and vendor engagement to understand what is working and what is not working; the importance of data and analytics to identify areas for improvement, monitor progress, and articulate the value of government solutions; and strong governance and oversight of critical acquisitions in partnership with other CXO functions. In addition, there were several lessons learned on SAM, including ensuring that IT and operational staff are fully engaged and leading critical IT projects.

- b. What do you believe is the appropriate relationship between the Administrator of OFPP and the U.S. Chief Information Officer in working to improve the acquisition of IT? On what specific initiatives would you seek to collaborate?

I recognize that improving IT acquisitions is an important issue and one that the Federal Government must constantly be seeking to improve. Improving acquisitions requires a holistic approach among all the key business functions, including IT, acquisitions, finance and human resources. As evidenced by the plan set forth by the CTO and CIO to improve IT delivery, there are three components to improving acquisition: people, process and partners. OFPP, working with the CIO, is already moving forward on the “partners” piece, engaging industry on ways to drive greater innovation in Federal contracting. OFPP and the CIO are also working on guidance for delivering better digital services. These efforts will help the Federal Government leverage proven private sector IT practices, such as the incremental and iterative development of IT software, and identify flexibilities in the Federal Acquisition Regulation (FAR) that can be used to support the implementation of these practices.

If confirmed, I plan to build on this good work to collaborate on workforce tools, such as training or communities of practice, to help our contracting officers and program managers become more familiar with iterative, or agile, software development techniques. Additionally, I want to leverage the work that the Federal CIO has done on PortfolioStat to help agencies identify ways to better acquire and manage IT commodities, and determine how we can strategically source more of these common goods and services to reduce cost across agencies.

13. Competition is often referred to as the cornerstone of the federal acquisition system. Despite high-level attention to the need for competition from OFPP, the governmentwide competition rate has remained relatively constant for years. At the Department of Defense (the largest contracting agency), the competition rate declined from 62 percent in Fiscal Year 2009 to 57 percent in Fiscal Year 2013. In your view, why is the competition rate not higher? What specific steps would you take as Administrator to improve the level and effectiveness of competition?

I have been a proponent of competition since my time managing procurement operations for the Commonwealth of Pennsylvania. During my tenure, we cut sole source actions in half through greater oversight and transparency. I know that this Administration is very supportive of competition and understand that the overall competition rate between FY 2009 and 2013 is the highest level recorded in the Federal Procurement Data System (FPDS). If confirmed, I will remain vigilant in our commitment.

14. In recent years, GAO and others have raised a concern over solicitations that receive only one bid. Even though these solicitations may have been conducted under “full and open” competitive procedures, they may nonetheless raise a concern about a lack of competition. For example, GAO recently found that the Department of Defense contracting officers for contracts reviewed by GAO seldom collected information on reasons why only one offer was received, which could limit their ability to revise acquisition strategies to encourage greater competition. (GAO-14-395) What policies would you promote to evaluate circumstances that lead to only one offer and to increase the likelihood that multiple offers will be submitted?

It is important that agency leadership focus on achieving meaningful competition and reducing instances of one-bid competition. At GSA, reduction of this rate was a goal in my performance plan as well as that of the Senior Procurement Executive. It helped that OMB set targets in this area and tracked our progress. It also is helpful to share best practices of the agencies that are having the greatest success in minimizing one-bid competitions. Finally, training is a key component. We should review current training to ensure proven practices are being properly emphasized, such as making sure sufficient time is given for vendors to develop bids and reaching out to interested sources to understand why they did not submit bids.

15. It is common for agencies to pay a very different price for a good or service than the price being paid by a different agency – or even by another component of the same agency.

- a. If confirmed, what actions would you take to build upon efforts underway at both GSA and the Department of Defense to develop data bases of prices paid that will provide contracting officers with the data they need to save money?

As the question states, it is very common for different agencies to pay different prices for the same goods and services, and I saw this first hand in my positions in Pennsylvania, the Department of Commerce, and GSA. GSA’s recent launch of the prices paid portal is a great step forward. Giving our many buying offices greater transparency into what other agencies are paying for similar goods and services is a critical step to reducing price disparity as well as contract duplication. If confirmed, I will work closely with agencies, particularly those on the Strategic Sourcing Leadership Council such as DoD and GSA, to get more information on their efforts to capture prices paid, move forward data standardization efforts to facilitate like comparisons, and identify policy or regulatory actions that might be appropriate to support these efforts.

- b. Do you believe that federal agencies have adequate tools and systems to track and analyze the prices they pay to identify opportunities to negotiate pricing and save money?

Agencies do not always have the transparency needed to see exactly what prices the Federal Government is paying for common goods and services. This is a key reason why there is such a disparity in what agencies pay for the same items. If confirmed, I would

make it a top priority to ensure the portal that GSA recently launched has as much data as possible so that agencies have the information they need to negotiate better contract prices.

16. Under a “reverse auction” process, an agency identifies a need and holds an auction period – typically on-line – during which bidders have an opportunity to best competing offers. If used properly, reverse auctions could be an effective tool for driving down costs. Moreover, GAO has found that the potential benefits of reverse auctions – competition and savings – had not been realized in the agencies GAO examined, in part due to lack of comprehensive governmentwide guidance on reserve auctions. (GAO-14-108) GAO recommended that OFPP issue guidance on reverse auctions and take steps to amend the Federal Acquisition Regulation to address agencies’ use of reverse auctions.

- a. Under what circumstances and for what types of procurements is the use of reverse auctions appropriate?

Like most procurement authorities, reverse auctions are not applicable to all situations. In the Commonwealth of Pennsylvania, we successfully used reverse auctions for personal computers. But they were not a good fit for all acquisitions. For example, reverse auctions are likely to be most effective in a highly competitive marketplace when requirements are steady and relatively straightforward. Using this criteria, reverse auctions are most appropriately used in procurements for commodity items as opposed to more complex service procurements.

- b. What do you plan to do to follow up on the GAO recommendations and to ensure proper use of reverse auctions?

We used reverse auctions in the Commonwealth of Pennsylvania, the Department of Commerce, and GSA. As agencies have gained experience with reverse auctions, a number of best practices and lessons learned have been identified, which the GAO report describes. If confirmed, I will work with agencies to optimize the benefits of the tool. In addition, I will confer with the FAR Council regarding regulatory coverage on this issue.

17. In the current budget-constricted environment, one procurement option available to agencies is a “no-cost” model. Under this model, the contractor assumes the financial risk of delivering what the purchasing agency needs and is paid once the procurement is successfully completed (for example, by a fee-for-service or share in savings). In your experience in government at the federal and state level, have you seen this model used successfully, and if so, what lessons do you draw for potential use as a cost-saving tool?

As a general matter, I strongly support results-based contracting methods that tie payment to successful contract performance and create incentives for contractors to find better and more efficient ways of delivering results. If confirmed, I would look into the potential use of “no-cost” contracting (such as where the Federal Government does not pay the contractor and instead authorizes the contractor to collect fees from end users) and how or

when they might be most appropriately used. If confirmed as Administrator, I would want to consult with agencies to better understand experiences in this area and potential opportunities for their use.

*Contractor Performance and Responsibility*

18. Holding contractors accountable for past performance is an important tool for making sure the federal government receives good value from its contracts. In 2009 GAO found that contracting officials were reluctant to rely on currently available past performance data in making contract award decisions because of concerns about the reliability and relevance of the data. (GAO-09-374) Since that time, OFPP has taken a number of steps to improve the quantity and quality of data in the past performance data base, including: emphasizing the importance of reporting requirements to agency officials, evaluating and reporting on the level of compliance and the quality of evaluations, directing the development of a compliance tracking tool, setting performance targets for certain agencies, and directing the consolidation of systems for entering past performance information. OFPP has also issued guidance to agencies on past performance, including guidance issued on July 10, 2014 aimed in part at strengthening past performance information for high-risk acquisitions. How effective do you think these efforts have been, and what additional steps would you take to monitor how well agencies document past performance and to improve the usefulness of this tool to agencies in making contract decisions?

OFPP's focus on this management responsibility is helping agencies improve their collection of performance information. Acquisition professionals from contracting officers to program managers are trained to make sure they understand their roles and responsibilities in this process, and recent system updates and the standardization of forms will promote better access to performance information. If confirmed, I look forward to working with the agencies and this Committee to ensure the acquisition workforce has the guidance, training, and tools necessary to conduct meaningful past performance evaluations and award contracts to responsible, qualified contractors.

19. Suspension and debarment procedures are powerful tools for protecting the interests of the government. However, agencies often fail to use these tools effectively. For example, in 2011, GAO reported to the Committee that over the period of FY2006 through FY2010, almost 70% of agencies had 20 or fewer suspensions or debarments. (GAO-11-739) Since that time, agency use of suspension and debarments has increased, in part due to the high level of attention from OFPP.
  - a. What steps will you take to ensure that agencies make appropriate use of suspension and debarment?

Suspension and debarment are important tools for ensuring integrity in the acquisition system. In the follow-up report, GAO found that agencies improved their suspension and debarment programs and addressed the weaknesses identified by the GAO in its 2011

report. Much of this progress is attributable to the work of the Interagency Suspension and Debarment Committee (ISDC), which provides an ongoing support structure to help agencies manage their suspension and debarment programs. If confirmed, I will work closely with the ISDC to make sure this progress continues.

- b. The Interagency Suspension and Debarment Committee (ISDC) performs a number of functions, including: resolving lead agency responsibility among interested agencies in suspension and debarment proceedings; reporting to Congress annually on suspension and debarment activities; recommending changes to suspension and debarment rules and procedures; and encouraging and assisting agencies in achieving operational efficiencies in the governmentwide suspension and debarment system. Are there actions that could be taken by OFPP to strengthen the role of the ISDC?

It is my understanding that OFPP staff work very closely with the ISDC leadership, both to ensure active and broad agency participation and to promote priority initiatives within the acquisition community, such as training for contracting officers and other stakeholders that support suspension and debarment activities and opportunities to further improve the lead agency coordination process. If confirmed, I would ensure this close relationship continues and that agencies give the ISDC the support it needs to remain an effective support and coordinating body.

#### *Interagency Contracting and Strategic Sourcing*

- 20. In 2013, GAO removed interagency contracting from its High Risk list. (GAO-13-283) GAO noted that Congress, OMB, and agencies have created new policies to govern the creation and use of interagency contracts and have increased management controls over these contract vehicles. However, GAO also cautioned that removal of interagency contracting from the High Risk list does not mean that use of these contracts is without challenges, and continued management attention is needed. What steps do you intend for OFPP to take to ensure that agencies address the risks associated with interagency contracts, and to ensure that interagency contracts are used appropriately to streamline the procurement process and leverage the buying power of the government?

The use of interagency agreements that lay out roles and responsibilities between customer and servicing agencies and stronger internal agency controls were two actions that led to the removal of this tool from the High Risk List. As GAO cautioned, we must be vigilant to sustain practices that have helped agencies to manage risk better and strengthen practices that optimize the value of this tool—such as the development of business cases to justify the need for a new vehicle. If confirmed, I will work with agencies towards this end.



21. Unnecessary duplication of Multiple Award Contracts (MACs) undermines the federal government's buying power and unnecessarily increases administrative costs across the government. In its final recommendations, the Acquisition Advisory Panel, created by Congress in the Services Acquisition Reform Act of 2003 (P.L. 108-136), recommended that MACs and certain large single-agency contracts be centrally coordinated by OMB to avoid unnecessary duplication. Responding to this recommendation, the Committee approved a provision in 2007 to require that new MACs be justified by a business case analysis. This provision, in amended form, was included as section 865(b)(2) of the National Defense Authorization Act for FY2009 (P.L. 110-417). OFPP finally issued a memorandum to implement this provision on September 29, 2011.

- a. In general, do you think the business case analysis is effective?

Congressional action and OFPP's 2011 guidance drove at least two important behavioral changes to reduce the potential for unnecessary duplication and increase the value of investing in new interagency vehicles. First, it expressly requires agencies seeking to create new vehicles to explain why the proposed vehicle does not overlap with existing vehicles. Second, it requires agencies to share a summary of their business case analysis with other agencies so they can provide feedback. This has given us greater visibility into MACs. However, I believe that the process can improve to give us greater transparency into potentially duplicative contracts and further reduce the duplication. If confirmed, I intend to align it more closely with the Strategic Sourcing Leadership Council's (SSLC) activities to move towards category management.

- b. The OFPP memorandum requires business cases for Governmentwide Acquisition Contracts for IT (GWACs) to be submitted to OMB. This is consistent with the Clinger-Cohen Act, which requires OMB to designate an agency as an executive agent for each GWAC. However, for other types of MACs, blanket purchase agreements and agency-specific contracts, the September 29, 2011 memorandum states that OFPP "reserves the discretion to require the agency to submit the approved business case to OMB for review, prior to the agency releasing a final solicitation." When do you think OFPP should exercise this discretion?

It is my understanding that OFPP's guidance is focused on ensuring that there is value in creating a new interagency vehicle and that a new vehicle will not create wasteful duplication with existing vehicles. To date, OFPP has exercised its discretion to review an agency's business case when the summary shared with agencies and/or agency feedback casts doubt on whether these goals are being met. If confirmed, I would like to explore strengthening this process.

- c. Should OFPP consider making submission of the business case analysis mandatory? Short of requiring agencies to submit the business cases to OMB for review, what will you do to ensure the quality of agencies' business case analyses?

If confirmed, I would want to study this issue more fully by talking to OFPP staff, the SSLC, and agencies. As a preliminary matter, I think the overall quality of the business case process can be enhanced by aligning it more closely with the SSLC's activities and efforts that are now underway to move towards category management.

22. Strategic sourcing has been a key initiative of OMB for many years. As stated in an OMB memorandum of May 20, 2005, strategic sourcing "...is the collaborative and structured process of critically analyzing an organization's spending and using this information to make business decisions about acquiring commodities and services more efficiently and efficiently." Agencies are far from realizing the full potential for strategic sourcing. For example, GAO reported in 2012 that while leading companies in the private sector manage approximately 90 percent of their procurements through strategic sourcing, the four agencies examined by GAO managed, collectively, only 5 percent of their spending through strategic sourcing. (GAO-12-919) In April 2013, GAO reported that leading companies reported saving between 4 and 15% through strategic sourcing of services. (GAO-13-417) If successfully applied to federal spending, this savings rate could achieve immediate savings of tens of billions of dollars, and much greater savings in the long run.

- a. What do you think are the major barriers to strategic sourcing and how will you work to overcome them?

Based on my experience at the State and Federal levels, common challenges in the adoption of strategic sourcing that must be overcome include: gathering good data to identify the opportunities and to make the business case for moving forward; getting customers to agree on a common solution (often with more limited requirements); building customer trust in vehicles that are managed by another agency; educating and training the acquisition workforce; and doing a better job of articulating to the workforce why these strategic sourcing solutions are beneficial. The SSLC is helping to address several of these challenges through greater collaboration and information sharing. If confirmed, I will focus on ensuring continued support from agency leadership; greater data transparency, analytics and metrics; greater collaboration with the IT, financial and human resources communities; and helping to educate and train our workforce on the new solutions.

- b. What metrics should OFPP and GSA employ to determine cost savings for strategic sourcing initiatives?

Over the past year, in my capacity as GSA's CAO, I worked with the SSLC in the development of a number of metrics to align with the priorities identified by OMB in its December 2012 memorandum on strategic sourcing. The key is to understand that cost savings should be measured not only in terms of reducing unit price, but also buying less, limiting requirements, and reducing administrative costs. As the prices paid portal becomes more fully populated, we will have an additional source for agencies to measure how their price compares to others for similar goods and services.

- c. GAO has recommended that OFPP issue guidelines for measuring cost savings for strategic sourcing. Do you think this recommendation should be implemented?

To support the work being done on the commodity teams, I understand that OFPP worked with the Strategic Sourcing Leadership Council to identify core principles to be used in calculating savings. The goal is to make adjustments as we gain experience to capture not only price reductions from leveraging spending, but also savings from buying less due to improved commodity management and reduced administrative costs. If confirmed, I would work with the CAO Council to determine if agencies might find guidelines helpful for their internal agency strategic sourcing efforts.

- d. In 2012 the OMB Deputy Director for Management established the Interagency Strategic Sourcing Leadership Council, which is chaired by the Administrator for Federal Procurement Policy. (OMB memorandum M-13-02, Dec. 5, 2012) As Chair of this Council, what specific goals would you set?

If confirmed, I will work with the SSLC to be sure the strategic sourcing metrics, which have been incorporated into the Administration's Cross Agency Priority goals, are aggressively pursued so we can reduce total ownership costs and create more time for agency officials to focus on key mission areas. I also want to focus on category management—a much broader focus than contract solutions. Finally, I will increase the focus on workforce needs. We must do a better job of making solutions (policy or procurement) simpler to understand and easier to use, which includes having an easy to understand central hub of information. In addition to the acquisition workforce, we must reach out to purchase card holders, program officials, and other stakeholders who are end users of strategic sourcing solutions.

- e. In the same memorandum, the OMB Deputy Director for Management required the Administrator of GSA to implement 5 new government-wide strategic sourcing solutions in each of FY2013 and FY2014. Do you believe this goal has been met, and if not, what steps would you take to make further progress towards meeting it?

OMB established clear goals for GSA on strategic sourcing, creating significant momentum for them to develop new solutions. Today, GSA has more than ten new solutions awarded or underway. Between FY 2013 and FY 2014, GSA awarded solutions for wireless, maintenance, repair, operations supplies and cyber solutions (the latter in partnership with DHS), as well as the next generation of office supplies and print and domestic delivery services. They also issued new money saving rental car policies that were formally approved by the Strategic Sourcing Leadership Council. They will soon make available other Federal Government-wide solutions including a contract for janitorial and sanitation services (pending a protest) and have several more underway, including furniture and human resources training services. If confirmed, I will make strategic sourcing one of my top priorities and help to drive further progress with GSA,

the other SSLC member agencies, and throughout the Federal Government.

- f. In your opinion, should future strategic sourcing solutions be focused on the categories of federal spending on which agencies spend the highest amount of money? What specific categories would you suggest as candidates?

I believe the Federal Government should focus on the areas of highest opportunity, and from my experience in the Commonwealth of Pennsylvania and at GSA, I've learned that strategic sourcing is generally more effective for commodities and non-complex services. If confirmed, I would apply some of our strategic sourcing principles, such as price transparency and volume-based discounts, to more complex services. The SSLC commodity teams are exploring nearly two dozen areas to determine what strategic sourcing approach is best, and, if confirmed, I want to support and drive their efforts so we make more Federal Government-wide solutions available as quickly as possible.

- g. Small businesses often express a concern that strategic sourcing will decrease their business opportunities with the government. Do you think there is an inherent tension between the government's goal of leveraging its buying power and its goal of increasing small business participation in the federal market? If so, how do you resolve that tension?

I do not believe these goals are in conflict, but at the same time appreciate that steps must be taken to ensure both goals are fully and successfully achieved. For example, we must conduct thoughtful and thorough market research and structure requirements and agreements for Federal Government-wide and agency-wide vehicles in a manner that maximizes participation by competitive and responsive small businesses. We must also ensure that strategies maintain or increase the current level of small business participation, as called for by OMB's 2012 guidance.

- h. How can OFPP ensure that strategic sourcing efforts do not by-pass other programs that have been established by Congress, such as the AbilityOne program, which is a mandatory source for certain goods and services that produces thousands of jobs for blind and disabled Americans?

I strongly support the AbilityOne Program which helps create employment opportunities for people who are blind or severely disabled. I am pleased that the AbilityOne Commission participates on the SSLC in order to provide strategic direction on all matters related to AbilityOne requirements. If confirmed, I am committed to supporting the AbilityOne program and finding the right balance between the strategic sourcing goals and the AbilityOne program requirements.

*Acquisition Workforce*

23. The success of federal procurements depends upon the skill and training of the federal acquisition workforce. The Federal Acquisition Institute (FAI) reports that 63% of the federal contract workforce in civilian agencies is within 10 years of retirement eligibility. This retirement wave increases the urgency of hiring and training the next generation of the acquisition workforce.

- a. If confirmed, what steps would you take to ensure that the federal acquisition workforce is capable of meeting the government's future acquisition needs and challenges – particularly in the area of service contracting?

If confirmed, building the capability and competency of the acquisition workforce will be a top priority. In my role as Chief Acquisition Officer at GSA, I worked closely with both OFPP and FAI to strengthen the acquisition workforce. OFPP recently refreshed certification programs that call for specialization within the contracting officer and program management training requirements for IT program and project management. This “core plus” model will help our acquisition workforce focus on particularly complex acquisitions—like information technology—so that we can better develop expertise in our increasingly complex system. We’ve also increased training hours and focused training on challenging areas, like cost and price analysis.

If confirmed, I will look at other specialized areas of contracting, such as service contracting, and discuss with agency senior procurement executives what policies, guidance and training would be helpful in bolstering our development efforts in those areas. Additionally, I will explore alternative models to our traditional training, looking to industry and other agencies for input.

- b. What metrics should agencies use to gauge whether they have sufficient numbers of in-house staff to maintain institutional capacity to carry out the full range of acquisition functions?

During my tenure as Chief Acquisition Officer at GSA, I found OFPP’s annual acquisition human capital planning process to be helpful and, if confirmed, I will look at strengthening this initiative to use performance benchmarks—like those being collected in support of the President’s Management Agenda—and other data sources to ensure agencies are adequately staffed and trained. For example, if a trend analysis shows that an agency is buying more information technology software development, I will want to ensure that the agency has in-house capacity to use agile development techniques so that the Federal Government has more control over large, complex IT acquisitions. Similarly, if competition rates are decreasing at an agency, senior management may need to explore if adequate acquisition planning is being done and, if not, what changes to the workforce are necessary.

24. The FAI and the Defense Acquisition University identify and define the acquisition workforce using different approaches. OMB, GAO, and federal agencies have all noted challenges in accurately and adequately identifying the federal acquisition workforce.

- a. Do you believe that a standardized definition is needed, and if so, what should that definition encompass?

Because DoD and the civilian agencies have separate authorities over their respective workforces and different missions, it may make sense for each to have separate definitions for their acquisition workforce. However, OFPP recently refreshed the contracting officer certification program to more closely mirror that of DoD, and I support a close alignment between the civilian and defense agencies wherever practical. If confirmed, I will look into the definitions used by each and see if aligning the civilian agency and DoD definitions of acquisition workforce functions would be helpful in creating synergy and leveraging resources.

- b. Who should be responsible for promulgating that definition?

Because DoD and OFPP have separate authorities over their respective workforces, I believe the responsibility for promulgating any standardized definitions, if needed, would be shared between the two organizations. I have personally observed numerous instances of the great teamwork between OFPP, FAI and DAU and think they could very successfully partner in developing any standardized definitions. It would be necessary to confer with the senior acquisition executives at DoD and the civilian agencies to ensure their needs are met with any standardized definitions.

25. The Director of the FAI reports directly to the Administrator for Federal Procurement Policy. What role do you think the Administrator for Federal Procurement Policy should play in setting priorities and goals for the training of the acquisition workforce?

The Administrator for Federal Procurement Policy, working with GSA and other civilian agencies, should set the strategic direction for acquisition workforce development. At GSA, I served on the FAI Board of Directors, and FAI was also in my chain of responsibility as Associate Administrator of the Office of Government-wide Policy. As a result, I saw firsthand how closely OFPP and FAI work together to strengthen the acquisition workforce. This partnership supported the updating of three workforce certification programs, the development of a single workforce management system for civilian agencies, and other initiatives that help ensure our acquisition professionals are adequately developed. If confirmed, I plan to build on this productive relationship, continue to set the strategic direction for FAI, and challenge the agencies to better leverage technology to get critical information into the hands of the people who need it quickly and effectively.

26. Given fiscal constraints, what further could be done to leverage existing training centers such as FAI, the Defense Acquisition University, and the VA Acquisition Training Academy? And what role should OFPP play in identifying and eliminating duplication in workforce training?

I am familiar with OFPP's efforts to identify and eliminate duplication in workforce training and, if confirmed, will build on this good work and explore if more can be done to strategically source acquisition training so that taxpayer dollars are spent wisely. The Strategic Sourcing Leadership Council is uniquely positioned to examine this commodity, and I look forward to determining if there are more efficient ways of buying acquisition training. Additionally, I will continue to support use of the Federal Acquisition Institute Training Application System (FAITAS), which allows agencies to fill empty seats quickly, and promote the Federal Acquisition Council on Training (FACT), which includes membership from the Defense Acquisition University (DAU), the VA, DHS, and other civilian agencies that provide acquisition training, to further reduce duplication in acquisition training.

27. In March 2013, GAO reported that federal agencies have limited information on the benefits of acquisition workforce training investments. What information do you believe is necessary to measure the benefits of training and ensure that limited funds are targeted towards the most beneficial, necessary, and effective training opportunities?

It would be helpful to know if the knowledge of the participants has increased, if their performance on the job has changed in a positive way, and if agency outcomes have improved as a result of the training. OFPP and the civilian agencies have done some good work in evaluating training and acquisition competencies and agencies recently started a new benchmarking initiative to better track certain acquisition indicators, which might be helpful in assessing organizational performance generally. If confirmed, I will continue to focus on this very important issue to ensure our training dollars are well spent.

28. Considerable attention is given to the training and certification requirements for acquisition officials. Do you think similar attention should be paid to the professionalism of program managers, and if so, what role should OFPP play?

I know from my work on the FAI Board of Directors that OFPP considers program managers to be an integral part of the acquisition workforce, and I fully support that view. Program managers develop our requirements, assist in making award decisions, and are instrumental in delivering results on important Federal Government programs. I believe that OFPP should continue to have a Federal Government-wide role in strengthening the capabilities of civilian agency program managers.

*Managing the Multi-Sector Workforce*

29. Reliance on contractors, especially for services that closely support inherently governmental work, raises a risk that government decisions are not adequately independent of contractor judgments. On September 12, 2011, OFPP issued Policy Letter 11-01, "Performance of Inherently Governmental and Critical Functions," to help clarify when governmental outsourcing for services is and is not appropriate. Specifically, the Policy Letter aims to clarify what functions are "inherently governmental" – and must therefore always be performed by federal employees – and to explain precautions agencies must take when work is "closely associated" with inherently governmental work. Additionally, the Policy Letter directs agencies to identify "critical functions," which may be performed by contractors as long as agencies retain sufficient internal capacities to maintain control over functions that are core to the agency's mission and operations. Finally, the Policy Letter outlines a series of agency management responsibilities for the effective implementation of these policies.

- a. What plans do you have to follow up with agencies regarding their implementation of Policy Letter 11-01?

Policy Letter 11-01 provides important policy and management guidance to help ensure the respective roles of Federal employees and contractors are clear, including the responsibility for agencies to ensure that inherently governmental work is performed only by Federal employees. If confirmed, I plan to convene a working group on multi-sector workforce issues that would include a review of agency progress in implementing policies and tools for managing the multi-sector workforce, including progress in implementing Policy Letter 11-01.

- b. What other steps would you take as Administrator to ensure that agencies clearly establish roles and responsibilities for support contractors as well as provide effective oversight of support contractors?

If confirmed, I would ask the working group on multi-sector workforce issues to discuss steps they have taken to address the management and oversight of their support contractors, especially those that are performing functions closely associated with inherently governmental functions. I also would ask the group to work with FAI and DAU to evaluate the adequacy of training in this area.

30. In January 2014, GAO reported that the civilian intelligence agencies have made limited progress in developing policies to address the risks associated with contractors. (GAO-14-204)
- a. What role do you believe the Office of Federal Procurement Policy should play with regard to ensuring that adequate policies to manage the risks associated with contractor performance are in place throughout the intelligence community?



Effective contract management is critical to achieving strong results from contractors, including those that provide support to intelligence agencies. If confirmed, I will encourage their participation in our policy dialogues, such as through the Chief Acquisition Officers Council, and ensure that there is an OFPP team member to serve as a liaison to this community.

- b. What steps would you take to work with the Intelligence Community Chief Human Capital Officer to facilitate implementation of GAO's recommendations in this area?

If confirmed, I would direct the working group on multi-sector workforce issues to share best practices and lessons learned in using policies and tools for managing this workforce, including agency contractor inventories (which appear to be a principal focus of GAO's report). Representatives of the Intelligence Community will be invited to participate on this working group. I will also facilitate coordination with the Office of Personnel Management and OMB's Office of Performance and Personnel Management to work with the Intelligence Community in addressing human capital considerations associated with GAO's recommendations.

31. Section 743 of the FY2010 Consolidated Appropriations Act (P.L. 111-117) requires civilian agencies to prepare an annual inventory of their service contracts and to analyze the inventory to determine if the mix of federal employees and contractors is appropriate. However, agencies have struggled in completing the inventories. What do you think have been the major impediments to conducting inventories of service contracts, and what plans do you have for increasing the usefulness of these inventories?

If confirmed, I will help agencies address any challenges in completing their inventories and to ensure that everyone is capturing the full benefit of the tool. It would be helpful to address this through the working group on multi-sector workforce issues, and to allow agencies to share experiences and best practices—both with respect to service contract inventories and other tools related to managing the multi-sector workforce (including OFPP Policy Letter 11-01). For example, I understand that at least one agency has used its inventory to identify contract duplication and consolidate contracts. I also am aware that the FAR Council recently finalized a rule that will require contractors to begin reporting the amount of labor resources used to perform their Federal contracts so that agencies can consider this information when they are reviewing their inventories. I would look to the working group to assist OFPP in figuring out the best ways to use this information in improving the management of our service contracts.

32. In 2013, the Administrator for Federal Procurement Policy held a public meeting to discuss the practice of comparing the cost of performance by federal employees to the cost of contract employees. In your opinion, what progress has been made since that meeting in identifying the cost elements that are relevant to making that comparison? Do you believe that OFPP needs to issue additional guidance on calculating the cost of contractors?

This issue is an important one and I know that OFPP is making progress, working with DHS and DoD to brief the agencies to take advantage of these models. I appreciate this is a complex issue because of the challenges in identifying the full cost to industry and government. If confirmed, I will look further into this issue and brief the Committee on OFPP's work in greater detail.

33. Increased reliance on contractors across the federal government has substantially raised the risks of both organizational and personal conflicts of interest. Do you have specific suggestions for improving agency methods for preventing and mitigating conflicts of interest?

It is important that the Federal acquisition system include effective rules for identifying and addressing conflicts of interest. I am aware that the FAR Council has been active in this area but I have not been part of its deliberations to date on this subject. If confirmed, I will work with the FAR Council to understand issues and potential changes to conflict of interest rules, as well as concerns raised by the public on potential changes to current FAR coverage.

*Procurement Regulations*

34. Beginning with major acquisition reform efforts in the 1990s, Congress and the Executive Branch have made a concerted effort to simplify procurement regulations and encourage agency officials to use more business judgment. However, some in the procurement community question whether the government has gone too far and has reduced accountability and transparency in federal contracting, while others believe even more flexibility is needed.
- a. In your view, where do we stand on that continuum?

OFPP's recent open dialogue with industry on improving Federal contracting suggests that the Federal Government's many unique requirements often increase program costs and create barriers to entry for new and innovative companies. For example, these requirements increasingly apply to commercial items, leading to increased contractor compliance costs that are passed on to the taxpayer. At the same time, the Federal Government has made strides in increasing the transparency of its activities through improvements to our acquisition systems that provide information on contract spending, contractor integrity, past performance, and other essential data, though continued attention is necessary.

If confirmed, I want to better understand how the Federal Government can reduce its unique requirements, where appropriate, to better align with commercial practices, so that we can streamline our processes, reduce burden on industry and the acquisition workforce, and deliver more value to the taxpayer, while still ensuring that contractors are

responsible sources.

b. What direction do we need to move toward?

I think we should take additional steps to streamline contracting, promote innovation, and make the Federal Government more transparent so that we attract and keep the best companies working with us to solve our toughest challenges. Having better and more frequent communication with the vendor community and with frontline contracting officers is critical to ensuring we are appropriately balancing our many policy objectives and getting our work done effectively and efficiently.

c. What role would OFPP take in this regard if you are confirmed?

I fully supported the CAO Council's recent open dialogue with industry to solicit the views of contractors on how we can improve the contracting process, and I plan to continue these dialogues if confirmed. Additionally, if confirmed, I look forward to exploring having vendors rate agencies on the acquisition process for specific actions so agencies can make any needed improvements. We must also continue to carefully review our rules, especially those addressing commercial items, to ensure they minimize burden, especially for small businesses. Finally, we must take better advantage of technology to help reduce transaction costs such as for reporting requirements and improve transparency of business opportunities to facilitate greater small business participation.

35. The rule-making process for procurement regulations can take years to implement laws passed by Congress.

a. If confirmed, what will you do in your role as OFPP Administrator to manage the rule-making process to ensure rules are drafted, developed, and vetted in a timely manner?

Statutory and other changes to the FAR can have far-reaching impact on industry—especially small businesses—and often require extensive review and coordination with appropriate agencies and other stakeholders to appropriately balance multiple policy objectives. I understand that OFPP and GSA conducted a comprehensive FAR rulemaking process review several years ago and made a number of improvements, including the creation of additional teams to support regulatory development. However, more work needs to be done to ensure that changes are made in a timelier manner. If confirmed, I look forward to chairing the FAR Council and working with the other council members to improve the process.

b. During your time at GSA, what steps did you take to improve this process and ensure the timely consideration of Federal Acquisition Regulation cases?

I oversaw the operations of GSA's Office of Government-wide Policy, which supports the Federal Acquisition Regulatory Council (FAR Council) in developing and publishing

rules and managing the rulemaking process. In that role, I worked with my Senior Procurement Executive to more closely monitor the development of individual regulations. Specifically, my acquisition team collaborated with DoD to improve information sharing through the use of a single management database to monitor the status of FAR cases moving through the system. While working at GSA, I developed a good relationship with all the members of the FAR Council and, if confirmed, will continue to work with them as FAR Council Chair.

#### **IV. Relations with Congress**

36. Do you agree without reservation to respond to any reasonable request or summons to appear and testify before any duly constituted committee of the Congress, if confirmed?

Yes.

37. Do you agree without reservation to reply to any reasonable request for information from any duly constituted committee of the Congress, if confirmed?

Yes.

#### **VI. Assistance**

38. Are these answers your own? Have you consulted with OMB or any other interested parties? If so, please indicate which entities.

In developing my answers to the Committee's questions, I consulted with Administration and OMB staff. However, the responses are my own.

I, ANNE E RUNG, hereby state that I have read the foregoing Pre-hearing Questions and that the information provided therein is, to the best of my knowledge, current, accurate, and complete.

Anne E Rung  
(Signature)

This 21<sup>st</sup> day of JULY 2014

**Post-Hearing Questions for the Record  
Submitted to Anne E. Rung,  
Nominee for Administrator for Federal Procurement Policy  
  
From Senator Thomas R. Carper**

- I. Total energy consumption of federal government buildings and operations is about one and a half percent of all energy consumption in the United States. And this represents a lot of money. The energy bill for the federal government is about \$25 billion a year. With a price tag that large, there are significant opportunities for savings of taxpayer dollars. In past years, I have chaired hearings that examined the opportunities for federal facilities to work with private partners in purchasing sustainable energy systems, based, for example, on solar and fuel cell technology. With the right financing, not only could this technology support help save federal dollars, but could also help a facility become more independent from the grid in case a natural disaster takes down the electric grid. Do you have any suggestions for how federal procurement policy could better promote energy efficiency, especially for our federal facilities? Could federal partnerships with the private sector play a role?

I appreciate your support for energy efficiency and agree that, with large yearly expenditure on energy procurements, there are opportunities across the Federal Government for reducing consumption. I am supportive of President Obama's ongoing challenge to agencies to enter into \$4 billion of Energy Savings Performance Contracts through 2016. During my tenure at GSA, the green building team within the Office of Government-wide Policy worked closely with the Public Building Service to put several of these contracts in place. If confirmed, I will work with the Council on Environmental Quality; agencies such as the General Services Administration, the Department of Energy, and the Department of Defense; and other OMB offices to streamline the use of these procurement tools and identify other opportunities to reduce energy consumption and better utilize new private sector technologies.



July 23, 2014

The Honorable Thomas R. Carper  
Chairman  
U.S. Senate Homeland Security and Governmental Affairs Committee  
340 Dirksen Senate Office Building  
Washington, D.C. 20510

The Honorable Tom Coburn  
Ranking Member  
U.S. Senate Homeland Security and Governmental Affairs Committee  
340 Dirksen Senate Office Building  
Washington, D.C. 20510

**Re: Hearing to Confirm Ms. Anne Rung as Administrator of the Office of Federal Procurement Policy at the Office of Management and Budget**

Dear Chairman Carper and Ranking Member Coburn:

On behalf of the IT Alliance for Public Sector<sup>1</sup>, I urge the speedy confirmation of Anne E. Rung to be the next Administrator for the Office of Federal Procurement Policy (OFPP) at the Office of Management and Budget. Ms. Rung's nomination comes at a critical time when Congress, the Administration, and departments are examining how to reform the acquisition practices of the federal government and in order to be successful, strong leadership is needed in the executive branch's highest procurement office.

Ms. Rung's extensive experience in public service at both the state and federal level make her an ideal candidate for Administrator. This experience, coupled with her skills and abilities demonstrated in her most recent role as the Chief Acquisition Officer at the General Services Administration (GSA), establish her qualifications to lead acquisition policy across the federal government enterprise. We support her continued engagement to lead procurement policy formation and implementation, including efforts to improve the acquisition workforce, one of the most critical steps in improving the federal acquisition process. We also appreciate the engagement she had with the federal supplier community in her previous roles and would encourage her in this new role to continue and expand upon that engagement. We would also encourage her to build upon the recent OFPP online request for information, the *Open Dialogue on Improving How to Do Business with the Federal Government*, as an initial step toward using new and innovative tools and technologies to enhance and bring engagement, transparency, and dialogue with the acquisition community into the Information Age. Such a transformation is another essential element to bringing new thoughts and ideas into the Office to solve some of our biggest procurement and policy challenges.

Leadership in the Administrator's role is critical for achieving success in efforts to improve the acquisition workforce and transform the way the government acquires goods and services, including the innovative technologies our member companies offer in the public sector market. We believe that Ms. Rung is an excellent candidate to perform and excel in this role and would urge you to consider her nomination favorably and vote to confirm her as the next Administrator of the Office of Federal Procurement Policy. Thank you for your consideration of our endorsement and should you have any questions, please feel free to contact me at 202-626-5758 or at [thodgkins@itic.org](mailto:thodgkins@itic.org).

Respectfully,

A.R. "Trey" Hodgkins, III, CAE  
Senior Vice President, Public Sector

Cc: Senate Homeland Security and Governmental Affairs Committee

<sup>1</sup>The IT Alliance for Public Sector (ITAPS), a division of ITI, is an alliance of leading technology companies from the telecommunications, information technology and defense industrial base sectors offering the latest innovations and solutions to public sector markets. With a focus on the federal, state and local levels of government, as well as on educational institutions, the ITAPS team advocates for a competitive marketplace and improved procurement policies and practices, while identifying business development opportunities and sharing market intelligence with our industry participants. Visit [itaps.itic.org](http://itaps.itic.org) to learn more.

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